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U.S. Paves Way For Harsh Move Against Saddam

Washington Plan Envisages Bombing and Air Policing To Counter Iraqi Intransigence

By Joseph Fitchett
International Herald Tribune

PARIS — In a sharp escalation of the long-running U.S. confrontation with Iraq, the Clinton administration is readying the strongest military campaign in its six years in office and preparing its allies for a major political gamble in the Gulf, U.S. and European officials said Monday.

The response has broken the pattern of rhetoric and compromise that characterized previous U.S. standoffs with President Saddam Hussein. The low key but determined U.S. approach has kept the international spotlight focused on Iraq's responsibility for triggering the crisis and for its possible lethal consequences.

"Saddam and even our allies were convinced that the United States lacked the guts to bomb him, but that conventional wisdom is dead wrong since the election," a policymaker in Washington said.

Other U.S. officials said that the results of congressional elections last week had given President Bill Clinton a moment of exceptional liberty on the political playing field in Washington. The White House — at least momentarily freed from fears of domestic challenges — seems ready to dispense with the low-risk pingpong attacks that have become a U.S. calling card with adversaries.

Instead, officials said in Washington, the United States envisages an open-ended bombing campaign against Iraq as a way of shaking the regime and preventing the military from developing missiles or mass-destruction weapons that could intimidate neighboring Arab governments and devastate the oil-rich Gulf.

This tougher approach has had the effect of reinvigorating the U.S.-led coalition that crushed Iraq in 1991, with key governments in Europe and the Middle East embracing the U.S. view that there seems to be no realistic alternative to tough action against Mr. Saddam. Openly skeptical of using force in recent show-downs, countries such as France and Saudi Arabia seem ready now to back strong military action without any major new diplomatic overture to Baghdad.

Even though military planning remained incomplete Monday, officials indicated that the U.S. battle plan called for two distinct campaigns — an initial phase of intensive bombing followed by an indefinite period of air policing of Iraq.

In the opening assault, cruise missiles and other weapons would knock out Iraqi military systems, destroy suspected sites of weapons development and inflict punishment on Iraqi military forces considered to be part of the regime's power base.

After the initial assault, Western air power would continue sorties into Iraq to attack suspect installations and disrupt any Iraqi military activity aimed at retreating. Many military planners are skeptical about

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An Iraqi soldier watching Monday as more personnel of the UN Special Commission, charged with verifying compliance on weapons of mass destruction, left Baghdad.

Bonn Urges Economic Stimulus

'Temporary' Easing On Deficits Is Weighed

By Alan Friedman
and John Schmid
International Herald Tribune

BONN — Warning that urgent steps are needed to counter "clear signs of a slowdown all over Europe," Germany's top economic adviser left the door open Monday to a "temporary" relaxation of the Maastricht Treaty's budgetary rigor.

Heiner Flassbeck, the chief deputy to Bonn's new finance minister, Oskar Lafontaine, said a temporary loosening of Europe's deficit constraints "cannot be excluded" if the Bundesbank does not lower interest rates to stimulate investment and job creation.

Mr. Flassbeck, speaking in an interview, also said Germany would soon press the other members of the Group of Seven leading industrialized nations to establish a global system of controlled or targeted exchange rates to fight currency turmoil.

Conceding that this proposal might not be popular with all members of the G-7, he called for "a competition of ideas" in the group.

His comments come against a backdrop of increasing pressure from left-leaning officials in France and Germany for Europe's central bankers to ease monetary policy in an effort to spur economic growth.

Critics have lashed out at the new Bonn government, fearing that if Germany shows less fiscal discipline, this will open the door for countries such as Italy to abandon rules on spending and deficit reduction that were agreed upon in the Maastricht Treaty that

EU Jobless Rate Falls

Unemployment in the European Union fell to 9.9 percent in September, a six-year low, stirring hopes that consumer spending will protect Europe from the global economic turmoil. The introduction of a single currency in 11 EU nations is expected to stimulate trade in 1999, though economic growth is forecast to slow. Page 13.

is leading to a common European currency. In response, Mr. Flassbeck said: "All of us in Europe have to think about and reflect on what is the adequate policy mix at a time of economic slowdown."

On Tuesday, in his first policy speech to Germany's Parliament, Chancellor Gerhard Schröder is expected to pledge a commitment to fiscal discipline. Mr. Flassbeck said he fully backed the chancellor and insisted that the government was of a single mind, saying that "over the medium term we must stick to fiscal rigor."

But in the short term, Mr. Flassbeck asked: "In the face of a slowdown and in the absence of a quick reaction of monetary policy, what is fiscal policy going to do then?"

He announced plans for a series of meetings between Mr. Lafontaine and his Group of Seven counterparts in Washington, Paris, Rome and London over the next 10 days in which Germany would propose "a system of controlled flexibility" to allow governments to guide currency markets in setting exchange

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Republicans Poised To Name Livingston

Louisianan Certain to Succeed Gingrich

By Brian Knowlton
International Herald Tribune

WASHINGTON — Representative Bob Livingston of Louisiana, a pragmatic conservative who emphasizes a willingness to compromise, emerged victorious Monday in the battle to succeed Representative Newt Gingrich as speaker of the House, one of the most powerful positions in Washington.

A brief but intense struggle for the position, touched off by the surprise announcement Friday that Mr. Gingrich planned to step down, ended when Mr. Livingston's chief rival, Representative Christopher Cox of California, withdrew his name.

Mr. Cox, who had scrambled for promises of support throughout the weekend, conceded defeat Monday. "The truth is, the vote is in," he said on ABC-TV. "Bob Livingston is going to be our next speaker and I'm withdrawing my name for that reason."

A third Republican who had been considering a run for speaker, Representative James Talent of Missouri, gave his support to Mr. Livingston.

The 223 Republicans in the new House are expected to confirm Mr. Livingston as their choice for speaker at a caucus Nov. 18, and to formally vote the Republican leadership into office when Congress convenes Jan. 6.

Mr. Cox, a conservative, said he was bowing out for the sake of party unity. He added, "It's very important for us not to push an election for speaker to the bitter end when we have a six-vote majority in the House."

But struggles for other leadership positions continued Monday as the party sought to recover from its electoral disappointments Nov. 3 and to remake its image in the run-up to the 2000 presidential elections.

Many Republicans blamed their leaders, Mr. Gingrich above all, for the loss of five seats in the House, which left them with an 11-seat majority — a 223 to 211 lead over Democrats, with one independent. Analysts said the Republicans' narrow control of Congress, and their internal divisions, appeared to point to a caretaker Congress at best in the coming two years, and political gridlock at worst.

President Bill Clinton's spokesman, Joe Lockhart, said the White House was watching the Republicans' leadership contest with interest. He said the White House hoped the new Republican leadership would make it easier for the administration to pursue initiatives, including a rescue of the Social Security retirement system, expansion of patients' rights, and funding to build schools. Mr. Lockhart expressed concern, however, about reports that "Speaker Gingrich was being pressured to leave because he was too moderate and too conciliatory."

Regarding the impeachment inquiry looming against Mr. Clinton, Mr. Lockhart expressed a concern that the Republican leadership candidates, in bargaining for members' support, might have made commitments "that may not be in the best interest of putting this behind us."

In the most important Republican leadership battle not yet resolved, Representative Steve Largent of Oklahoma is seeking to wrest the post of majority leader from Representative Dick Armey of Texas. A New York Republican, Bill Paxon, predicted "a real battle royal."

Mr. Livingston and Mr. Armey met Monday and the Louisianaan, who has clashed with Mr. Armey in the past, said he would remain neutral on the majority leadership contest, a spokesman for Mr. Armey said.

Both Mr. Largent and Mr. Armey are considered conservatives, though the Texan has been more predictably hard-line in his attitudes. On procedural votes, Mr. Largent voted against Republican leadership more often than all but 10 House Republicans, by one count.

But Mr. Largent, a former professional football star, has been uncompromising on some issues. While some analysts trace Mr. Gingrich's downfall to the government shutdowns of 1995-96, which Democrats blamed on the speaker, Mr. Largent has said that the Republicans' mistake was not to have stood firm against Mr. Clinton.

There were also challenges to Representative John Boehner of Ohio, head of the House Republican Conference. Mr. Boehner was being challenged by Representative J.C. Watts of Oklahoma, the only black Republican in the House. With the speakership battle resolved, many in Washington turned their attention to the likely face of the new Congress and prospects for legislative cooperation in the coming two years. Mr. Livingston has said he favors a more collegial approach to leadership than the mercurial Mr. Gingrich, emphasizing compro-

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Henry Hyde, head of the House judiciary panel, conferring with a colleague prior to a hearing Monday on impeachment proceedings. But as the conflict fades, both sides are seeking an exit strategy. Page 3.

Supreme Court Deals 2 Blows To Presidential Confidentiality

By Joan Biskupic
Washington Post Service

WASHINGTON — Closing out a significant legal chapter spawned by the Monica Lewinsky case, the Supreme Court on Monday rebuffed the Clinton administration's claim that the president's bodyguards should not testify about his private behavior and that his conversations with government lawyers should remain confidential.

By a 7 to 2 vote, the justices left in place lower-court decisions that said Secret Service agents' observations are not shielded by a "protective function privilege" and the president's talks with White House lawyers are not covered by the traditional attorney-client secrecy.

The practical consequences for the investigation by the independent counsel, Kenneth Starr, into the sexual relationship between Mr. Clinton and Ms. Lewinsky are minimal at this point, but for this president and future presidents the court action on Monday means private activities remain vulnerable to exposure in grand jury and other criminal proceedings.

The court put to rest for the near future the argument that a president would distance himself dangerously from bodyguards if they could later be forced to testify, as well as the notion advanced by the White House that at the time a president most needs advice, when he may be facing impeachment, he should be able to turn to government lawyers without fear of eventual disclosure.

Only Justices Ruth Bader Ginsburg and Stephen Breyer, both Clinton appointees, voted to take up the administration's appeals. The justices in the majority offered no comment, as is the practice when the court spurns an appeal.

In his forcefully worded dissent, Justice Breyer emphasized the chance of assassination for a president who pushes away his bodyguards because they could end up revealing his private activities.

"The terrible truth, as we all know, is that assassins have killed four American presidents and wounded one other," Justice Breyer wrote. "Nine presidents have been the subject of assassination attempts, including attempts that have taken place while the president was in the White House itself."

The Secret Service tried to block the agents from testifying in the independent prosecutor's inquiry by asserting a new "protective function"

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A Nazi Horror Echoes in a Divided Germany

By Roger Cohen
New York Times Service

BERLIN — Germany marked the 60th anniversary of the Nazi rampage against the Jews known as Kristallnacht on Monday with ceremonies that reflected a nation divided about how to balance the duties of memory with a new thrust to move beyond the shadow of the Holocaust.

The state's leading dignitaries, including the newly elected chancellor, Gerhard Schröder, attended a ceremony in a Berlin synagogue at which the horror of the "Night of Broken Glass" was solemnly recorded. But the gathering was unable to mask a growing tension over the place

of remembrance in a society now eager to move forward.

Ignatz Bubis, the leader of Germany's Jewish community, used the occasion and the presence of Mr. Schröder to attack what he called a "spreading intellectual nationalism" in Germany and to question what lay behind the country's intense quest for a "normality" unburdened by history.

His extraordinarily vehement speech reflected the tensions that have grown in recent months as Germany prepares to move its capital back to Berlin next year, more than a half-century after the collapse of Hitler's Reich and as a new postwar generation led by Mr. Schröder has come to power.

A project for a large Holocaust memorial in Berlin has been questioned by members of Mr. Schröder's government, and the new chancellor has sought to mark his distance from the repetitive history lessons of his predecessor, Helmut Kohl, by keeping his focus on the future of a society now two generations distant from the war.

In a statement reflecting this policy, Mr. Schröder said that 60 years after Kristallnacht — a night when hundreds of synagogues were destroyed, Jewish businesses ransacked and at least 91 Jews killed — "We look ahead without forgetting what happened." The chancellor added

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Red-Letter Day for Israel's Russians

By Lee Hockstader
Washington Post Service

ASHDOD, Israel — When she arrived in Israel eight years ago with the torrent of Jewish immigrants from the former Soviet Union, Maia Shtinsky was a chemistry teacher with a smattering of Hebrew and zero political experience.

On Tuesday she is likely to be elected to the City Council of Ashdod, a breezy beach town 50 kilometers (30 miles) south of Tel Aviv.

Miss Shtinsky's ascent is not a solo performance. With 900,000 former Soviet immigrants flexing their political muscle, their numbers on Israeli local councils are expected to soar from a paltry handful to more

than 100, including 15 or more deputy mayors, in nationwide elections Tuesday.

That gain builds on the splashy success of Natan Sharansky's Russian immigrant party, Israel B'Aliyah, which stunned Israelis with its victories in parliamentary elections in 1996. The prospect of another triumph for Russian-speakers, and the shifting balance of power it foretells, is dismaying previous groups of immigrants who regard the Russians with undisguised contempt — and as a threat to their jobs, culture and religious values.

"It's a real social revolution," said Mr. Sharansky, the ebullient former Soviet dissident who is minister of

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AGENDA

Clinton Questioned in Campaign Ad Inquiry

The Associated Press
WASHINGTON — President Bill Clinton was interviewed Monday by Justice Department investigators regarding campaign ads by the Democratic Party during his 1996 re-election bid.

The interview was in connection with a preliminary investigation by Attorney General Janet Reno into the Democratic National Committee's issue ads during 1995 and 1996, according to Mr. Clinton's attorney, David Kendall. Ms. Reno is investigating whether Mr. Clinton illegally benefited from Democratic advertisements. She is to decide whether to name an independent counsel in the matter. If she does, Mr. Clinton will be the first president to be investigated by two separate independent counsels.

British Airways Cuts Back Its Expansion Plans

British Airways said Monday it had scaled down its growth plans, as the global economic slowdown was prompting more companies and consumers to switch to discounted air fares. The announcement coincided with a quarterly earnings report that was worse than most analysts had expected and came after BA said it would slow the implementation of its plans for an alliance with American Airlines. "All the growth is coming in the economy cabin. That's a worrying trend for them," said Guy Keckwick, an airline analyst at Goldman Sachs International. Revenue per BA passenger fell 4.1 percent in the quarter. Page 13.



Police and students in a standoff Monday as Indonesia braced for a meeting Tuesday of the top law-making body. In what analysts called an attempt to pacify protesters, the head of the armed forces said the military would abandon a key post that allowed it to affect politics. Page 6.

The Dollar			
	Monday @ 4 P.M.	previous close	
DM	1.6888	1.6729	
Yen	121.7	119.045	
FF	5.8586	5.8102	
Pound	1.683	1.5338	
Dollars per pound			
The Dow			
	Monday	previous close	percent change
DJIA	7750	8397.06	-0.86%
S&P 500			
	1180.20	1180.20	-0.95%
Nasdaq			
	1,861.05	1,861.05	+0.24%

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Newstand Prices	
Bahrain	1,000 BD Malis
Cyprus	C 1.00 Nigeria
Denmark	17 Dkr Oman
Ireland	12.00 Pm Qatar
Sri Lanka	3.00 Rs Rep. Ireland
Gulf States	UK £1.00 Saudi Arabia
Egypt	£2.50 S. Africa F16 ind VAT
Jordan	1,250 JD U.A.E.
Kuwait	700 Fils Zimbabwe



Gastronomes United / Preserving the Past

'Slow Food' Seeks Members With a Taste for the Old Days

By Alessandra Stanley
New York Times Service

TURIN, Italy — The English will kill each other to protect animals. The French fight to the death to preserve the purity of their language. Italians, however, rarely get indignant about anything, except food. Few other nations, for example, have so passionate a grass-roots movement to preserve endangered species of cheese and protect vegetable rights.

"Plants have a soul," the playwright and Nobel prize winner Dario Fo warned a rapt audience last week at a conference on biodiversity and genetic species on the verge of extinction. "They have feelings. And some are assassins, using poison to destroy."

Mr. Fo is one of the intellectual pillars of Slow Food, a food and wine organization created 13 years ago by an Italian journalist, Carlo Petrini, as an antidote to fast food. Both men were expecting more than 100,000 people to attend Slow Food's Salone del Gusto, a five-day food fair that ended Monday night, drawing epicures dedicated to the languorous enjoyment of slowly prepared regional delicacies. Mr. Petrini became radicalized when he entered the Piazza di Spagna in Rome and smelled mass-produced french fries wafting from the country's first McDonald's.

Slow Food, which was begun by a group of leftist intellectuals disenchanted by politics and disgusted by the fast-food trend, has in the last few years become fashionable in Italy and throughout Europe, and is now catching on via the Internet with American food and wine connoisseurs. Now with 40,000 members in 35 countries, Slow Food's manifesto warns against "obsessive worrying about hygienic matters" and pledges to preserve such endangered foods as Friuli apples from Greece and Sicilian *laturne di tonno*, sperm of male tuna.

Il Salone del Gusto, held in a giant convention center which was once a Fiat car factory, boasted 300 regional food stands, with free samples, 50 gourmet dinners and 325 workshops on everything from "Cooking in the Antipodes" to "Hungarian Foie Gras and Tokaji." (or Tokay, a white wine).

"Feel how the fat gallops in your mouth," Piero Sardo, a cheese expert and co-founder of Slow Food, instructed 110 gourmands who paid \$16 for a workshop last Thursday called, "Strong Cheeses and Sweet Wines." He was commenting on a Stilton, served with a Greek port wine.

Food is not just good at these workshops, it is dripping with history. *Real ibérico*, a Spanish



Salone del Gusto, a five-day food fair in Turin, drew nearly 100,000 people interested in traditional delicacies. Above, chefs prepare a Sardinian dinner. Top left, a glass of wine produces a quizzical glance; below, a woman enjoys antiqued balsamic vinegar.

ham, comes from a breed of pig, *Cerdo Iberico*, which is the direct descendant of the Mediterranean boar that man began domesticating in Neolithic times. Uncontaminated by crossbreeding, raised in the Dehesa, an ancient Mediterranean forest and fed on *la bellota*, a kind of acorn, the *Cerdo Iberico* is a kind of "thoroughbred swine," according to Giovanni Pellinghelli del Monticello, a consultant to a guild of Iberian ham producers, who delivered the lecture.

"We will never know what the Bollinger Louis XV drank really tasted like," he said sadly, referring to phylloxera, a disease that destroyed European vines in the late 19th century. "But this pig is an uncontaminated breed, its ham today has exactly the same taste it had when it was eaten by Charles V of Spain."

French, British and American history buffs are known for their re-enactments of famous battles — Austerlitz, Waterloo or Gettysburg.

Italians prefer to dwell on the great meals of history. Actually, so do their American acolytes. Patrick Martins, a Slow Food activist based in Bra, a food-obsessed town in Piedmont, Italy, wrote his thesis at New York University on Medieval

Food Sculptures, which, among other things, involved molding asparagus into a giant chess set. Mr. Fo and others complain about multinationalism, which favors mass production and have steadily reduced the world's varieties. At the turn of the century, there were 30,000 varieties of rice in India. Now, there are only 12.

But the public also prefers convenience, speed and lower prices.

"Our real enemy is the obtuse consumer," Mr. Sardo, the cheese expert, said.

YET EVEN AMONG the initiated at the Salone, there were some Slow Food recidivists. Lorenzo Molinari, 42, who makes Panforte di Siena, a sophisticated brand of fruitcake, was discovered at lunchtime wolfing down a prefabricated prosciutto sandwich at the Antogorre, an Italian fast-food outlet inside the convention hall. "What else could I do," he said sheepishly. "I'm very busy and I had to go somewhere and eat fast."

Postmodern food tastings at the fair were provided by the theater director Silvio Panini, who created a *degustazione teatrale*, in which diners,

wearing earphones and seated at stark steel tables, sample drops of balsamic vinegar and minimalist morsels of *parmigiano* while a performance artist recites casual eating instructions. "Agriculture is an aesthetic," Mr. Panini explained.

In many areas, it is also a dying art. Land from the region surrounding Carrara, which was the basic food for the marble workers who supplied Michelangelo, is in danger of extinction, according to Slow Food. "Pigs today are small and too meaty, everyone wants pork-light," complained Marino Giannarelli, 50, whose family firm, Lardo di Colonnata, produces a small amount of extremely thick, succulent lard.

The Caciocavallo Podolico is a rare, fragrant cheese from the Campania region, which relies on finicky free-range white cows, who will give milk only if their calves are standing near them, and even then, only a few liters a day. "You have to be a hero to make it," Mr. Sardo said. "And also a bit crazy."

A kilo of Caciocavallo Podolico costs \$37, three times as much as more ordinary varieties of Caciocavallo.

Participants ranged from Jonathan White, an artisanal cheese-maker from Peekskill, New York, who makes butter for the White House, to some of the world's most high-minded chefs. Miguel Sanchez Romero, 45, for example, is a neurologist who on weekends cooks Spanish novelties at his restaurant, L'Esguard, in a small town outside Barcelona. He was one of three chefs selected to prepare a three-course, \$178 gourmet meal for 36 people, which included a dish of eggs and caviar inspired by Van Gogh's *Sunflowers*. Dr. Sanchez Romero gave a lecture explaining the neurological impulses of appetite.

Aid Agencies Struggle With Giant Task of Storm Relief

The Associated Press

TEGUCIGALPA, Honduras — Relief agencies trying to feed tens of thousands of people stranded by the hurricane designated Mitch struggled to deliver tons of food Monday despite ruptured roads, backed-up airports and a shortage of helicopters.

Hunger and disease threaten to raise the death toll from the storm, with officials estimating has killed more than 10,000 people in the region.

In Honduras, 700,000 people will need food for the next month, the UN World Food Program representative, Giuseppe Lubatti, estimated.

On Sunday, the first shipments of aid reached many hamlets and cities cut off by flooding, such as Choluteca in southern Honduras and Posoltega, Nicaragua, where an estimated 2,000 people were killed in a mud slide.

George Bush, the former U.S. president, was in Tegucigalpa as more than 60,000 pounds (27,000 kilograms) of aid from the U.S. relief group American Red Cross arrived Sunday. He said much more would be needed for months — maybe years — to come.

"I can tell the American people and the people of the world that the devastation is appalling," Mr. Bush said after viewing damage with President Carlos Flores of Honduras.

Authorities from Honduras, Mexico, the United States and elsewhere struggled to overcome logistical problems in getting aid to remote areas. On Sunday, a Mexican C-130 cargo plane blew a tire while landing in Tegucigalpa, disrupting flights for several hours.

The first members of a Canadian military team specializing in disaster relief were scheduled to leave Monday for northern Honduras, where they will establish an air traffic control system.

U.S. military engineers were sent to help repair roads and bridges. U.S. forces also will help transport pipes into Tegucigalpa to repair the water network, now running at 25 percent capacity.

EU Considers Debt Moratorium

European Union foreign ministers on Monday considered granting debt relief to Central American nations hit by the storm as part of an aid package to help them overcome the devastation. The Associated Press reported from Brussels.

Foreign Minister Wolfgang Schäuble of Austria, whose country currently holds the EU presidency, said the EU and its 15 member nations had pledged more than \$70 million so far in humanitarian aid for Central America.

But over the past few days the extent of the devastation has proved to be greater than expected. Foreign Minister Joschka Fischer of Germany said urgent measures were needed to provide victims with basic aid, including medicine, water sanitation and shelter.

The ministers were debating the possibility of unlocking emergency funds from the EU's common foreign and security policy budget.

For the longer term, the ministers have asked the EU executive commission to come up with a series of proposals to help reconstruction. These measures could include forgiving the country's foreign debts or delaying their reimbursement.

The four Central American countries have foreign debts totaling about \$20 billion, mainly to international lending agencies. Honduras owes \$4.2 billion and Nicaragua owes \$6 billion.

India Rebuffs Pakistan on a Sea Border

The Associated Press

NEW DELHI — Pakistan proposed international arbitration Monday to resolve a 30-year-old maritime boundary dispute with India that is blocking the exploration of oil and gas, but India rejected the idea.

The border in question is between the western Indian state of Gujarat and Pakistan's Sind Province. The line follows a shifting tidal channel known as Sir Creek, and the dispute led to armed clashes in 1965.

Failure to fix the border at the mouth of Sir Creek has blocked agreement on the maritime boundary in the Arabian Sea, preventing the exploration of what could be rich offshore deposits of oil and gas. Each country routinely arrests fishermen from the other country who intrude into the disputed zone.

Despite the lack of progress, the meeting marked an upturn in relations after a summer of bellicose statements. Tensions rose after India's new Hindu nationalist government denounced nuclear devices in May, prompting similar tests by Pakistan.

U.S.-India Arms Talks

Indian and U.S. experts began preliminary discussions Monday on the export of control regimes to check nuclear proliferation, Reuters reported from New Delhi.

Officials said the talks were part of an ongoing dialogue on nuclear issues between New Delhi and Washington, which has led Western efforts to draw India into the global nuclear-arms control regime since it conducted nuclear tests in May.

TRAVEL UPDATE

Series of Strikes Begins in Italy

ROME (Reuters) — Air transport was virtually paralyzed in Italy on Monday by striking ground staff as Italians began a week of transport strikes.

Scores of domestic and international flights were canceled by the four-hour strike, which affected check-in, baggage-handling services, catering and shops. It came on the first of nine days of industrial action that will hit every form of public transport.

Taxi drivers in Rome began a four-day strike in a dispute over city government plans to liberalize taxi services. Many Romans will find themselves with no bus, tram or metro service Thursday and Friday as drivers protest restructuring plans.

El Al to Change Money In-Flight

JERUSALEM (Reuters) — El Al Israel Airlines plans to be the first carrier in the world to provide money-changing services in-flight.

El Al's Fly & Change service will allow passengers to buy up to \$500 worth of the local currency of their destination. "We're talking about the amount of money people generally need to get themselves started on a trip," a spokesman said.

The service will operate initially on certain flights from Tel Aviv to Paris, London, Frankfurt and Zurich this month. El Al plans to expand the service to all destinations.

DEATH NOTICE

KEATINGE WILLIAM. Much loved husband of Angela Nevill Keatinge, died suddenly on 4th November 1998. Funeral service at St. Church of Our Lady Help of Christians, 100, St. Thomas More, Chertsey Row, Chertsey on Thursday 12th November at 11.00 a.m. Flowers c/o Paul Brynch, Funeral Services, 9 Court Road, Crookborough, Essex. SS16 1DL. Tel: 01892 655000.

Group Vows Suicide Attacks If U.S. Hostages Return to Iran

Reuters

TEHRAN — An Iranian group said it would launch suicide attacks against former U.S. hostages if they visited Iran, a national newspaper said Monday.

A group called Devotees of Islam — apparently named after a group that carried out assassinations in the 1940s — announced it would follow the path of "suicide martyrs" if Bruce Laingen, Barry Rosen, "and other persons related to the former U.S. den of spies" return, the conservative daily Qods said.

Mr. Laingen and Mr. Rosen were among 52 Americans held hostage for 444 days by militant Iranians who in 1979 seized the U.S. Embassy. Mr. Laingen was the charge d'affaires and Mr. Rosen was the press attaché.

Students supporting President Mohammad Khatami, a moderate, suggested last week that all the former hostages should return to Iran as guests.

Conservative and hard-line opponents of Mr. Khatami have criticized the

invitation and said Mr. Laingen and Mr. Rosen were planning to visit.

In a phone call to Qods, a person saying he represented the Devotees of Islam urged Iranian officials to follow the ideals of the late revolutionary leader, Ayatollah Ruhollah Khomeini, who condemned the United States as the "Great Satan," Qods said.

Iranian Journalists in U.S.

A group of Iranian journalists are touring the United States as part of a plan to increase bilateral contacts that is being promoted by Mr. Khatami, Agence France-Presse reported Monday.

The journalists, who arrived in Boston on Saturday, are from several moderate newspapers, including the popular daily Hamshahri, the Iran News and two women's publications. They were invited on the two-week trip by the Association of New England News Editors, newspapers reported.

WEATHER

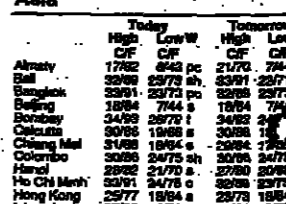
Forecast for Wednesday through Friday, as provided by AccuWeather.



Map, forecasts and data provided by AccuWeather, Inc. Website: <http://www.accuweather.com>

North America			
City	Today	High	Low
Albuquerque	62°	72°	48°
Anchorage	42°	52°	32°
Atlanta	68°	78°	58°
Boston	48°	58°	38°
Chicago	58°	68°	48°
Denver	52°	62°	42°
Detroit	48°	58°	38°
Houston	72°	82°	62°
Los Angeles	68°	78°	58°
Madrid	58°	68°	48°
Miami	78°	88°	68°
Minneapolis	48°	58°	38°
Montreal	42°	52°	32°
New York	58°	68°	48°
Phoenix	72°	82°	62°
Portland	52°	62°	42°
San Francisco	62°	72°	52°
Seattle	52°	62°	42°
St. Louis	58°	68°	48°
Tampa	78°	88°	68°
Vancouver	52°	62°	42°
Washington	58°	68°	48°

Forecast for Wednesday through Friday, as provided by AccuWeather.



Europe			
City	Today	High	Low
Amsterdam	58°	68°	48°
Antwerp	58°	68°	48°
Berlin	58°	68°	48°
Brussels	58°	68°	48°
Copenhagen	58°	68°	48°
Dublin	58°	68°	48°
Hamburg	58°	68°	48°
London	58°	68°	48°
Madrid	58°	68°	48°
Moscow	58°	68°	48°
Paris	58°	68°	48°
Rome	58°	68°	48°
Stockholm	58°	68°	48°
Vienna	58°	68°	48°
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As Impeachment Conflict Fades, Warring Camps Look for an Exit

By Peter Baker and John F. Harris
Washington Post Service

WASHINGTON — With prospects of a presidential impeachment fading after the recent elections and the resignation of the House speaker, Newt Gingrich, the White House and congressional leaders are searching anxiously for an exit strategy that for now appears elusive.

Key strategists in both parties privately have come to the conclusion in recent days that Congress probably will not remove Mr. Clinton from office over the Monica Lewinsky matter, but few are certain how the two sides can come together to bring the inquiry to a quick close without more political bloodletting.

In the most common scenario, Congress would pass a censure resolution formally reprimanding the president for trying to cover up his affair with the onetime White House intern during the Paula Jones lawsuit and subsequent grand jury testimony. Mr. Clinton would have to accept responsibility for his actions but would finish out the final two years of his term.

The trick, according to some close to the situation, is getting from here to there at a time of great

turmoil among Republicans, who hold the majority on Capitol Hill. "That's sort of the global answer to this," said the former White House special counsel, Larry Davis. "How that happens in this atmosphere is very, very problematical."

In an environment where, Washington has come to expect the unexpected, the president's current fortunes, of course, could shift again. The independent counsel, Kenneth Starr, could come up with new allegations of misconduct. And it remains uncertain how the upheaval in the House Republican leadership will play out.

"Even if there was a new exit strategy," said Representative Mark Edward Souder, Republican of Indiana, "the exit strategy could be overridden." He added, "The new speaker would get first say."

Representative Bob Livingston, the Louisiana Republican who is likely to replace Mr. Gingrich as speaker, sent mixed signals Sunday, saying that lying under oath is a "very serious" charge while also noting the public's lack of appetite for evicting Mr. Clinton.

"The American people have certainly indicated in the polls that they don't see it as an impeachable or dismissible offense," he said on

ABC. "And that would have to be considered in the political arena. But still in all, we cannot simply disregard the fact that there are other people in our society — in the military and various other walks of life, as CEOs or principals of schools — who have been likewise charged and have lost their jobs."

The uproar over impeachment and House leadership have converged on Capitol Hill, the point underscored by the calendar. The Republican caucus will hold its election for speaker Nov. 18, the day before Mr. Starr is scheduled to appear before the Judiciary Committee as its only major witness.

Mr. Livingston or any other prospective speaker faces unappealing choices. Virtually no one involved believes that the Senate would muster the two-thirds majority necessary to convict Mr. Clinton and remove him from power. That raises the possibility for the Republican Party in several possibilities for the impeachment in what would be a party-line vote: to allow an impeachment floor vote on the theory that Mr. Clinton would win after Republican moderates balked; or to attempt to cut a deal to avert a vote altogether. Even as he outlined a minimalist approach to

the impeachment inquiry, the chairman of the Judiciary Committee, Henry Hyde, Republican of Illinois, last week sounded as if he believed his panel and the full House would approve articles of impeachment, leaving it to the Senate to find a resolution.

"I see us proceeding with our hearings, getting a bill of impeachment on the table," he said. "He said if the majority voted to send the question of impeachment to the floor, 'the most likely scenario' would be asking the speaker to call back the full House for a vote."

Some conservatives, including the majority whip, Tom DeLay, Republican of Texas, see an impeachment floor vote as essential.

"If the House doesn't do that, I don't think the House is doing its duty," said Representative Matt Salmon, Republican of Arizona. Still, he added, "The fact is, we are in a damned if we do, damned if we don't position."

If it does come to the House floor, though, many Republicans no longer believe that their caucus, with its fragile six-vote margin, would hold together. Representative Charles Schumer, the New York Democrat who won a Senate seat last week but will serve on the Judiciary Com-

mittee until January, said of his Republican colleagues on the panel: "They're going to figure out a way to wriggle out of this, and I do not think either they or the full House will vote to move the impeachment proceedings to the Senate."

First Hearings Open

The House Judiciary Committee's subcommittee on the constitution opened hearings Monday in preparation for next week's impeachment proceedings. The Associated Press reported from Washington.

The debate featured testimony from 19 academics, including the historian Arthur Schlesinger, who was an aide to President John Kennedy; the law professor Father Robert Drinan, a former congressman who served on the Judiciary Committee during the Nixon impeachment hearings; and the law professor John O. McGinnis, who clerked for Mr. Starr when he was an appellate court judge.

Mr. Schlesinger said it was "not an unknown practice" for past presidents to lie to the public. "Lying about one's sex life is not a monstrous crime," he added. "Gentlemen always lie about their sex lives."

New Coalition Of Leftists Gets Biggest Vote In Venezuela

The Associated Press

CARACAS — A leftist coalition headed by a former coup leader has become the major force in Venezuela's new Congress in a big setback for the two political parties that have governed for the 40 years since democracy was restored.

With 67 percent of Sunday's vote counted, Hugo Chavez's Patriotic Pole coalition won 34 percent of the congressional seats. The center-left Democratic Action Party won about 22 percent and the conservative Copei Party won 11 percent. The pro-business Project Venezuela won about 12 percent.

Mr. Chavez, 44, an independent supported by millions of peasants and shantytown dwellers, is the favorite to win the Dec. 6 presidential election.

In 1992, he staged an unsuccessful military revolt against the government and became a hero to many for denouncing corruption and speaking out on behalf of the poor.

He spent two years in prison and was released in 1994 by President Rafael Caldera Rodriguez.

Initial results indicated that the Patriotic Pole would pick up 7 of Venezuela's 23 governorships. With about 60 percent of the vote counted in the gubernatorial races, Democratic Action and Copei were set to win the governorships in most of the rest of the country.

But in a surprise showing, Mr. Chavez's father, Hugo de los Reyes Chavez, was ahead in the race for governor in the western state of Barinas.



Hugo Chavez, whose leftist grouping will be the major player in the next Venezuelan Congress, waving to supporters in Caracas after the elections.

The Patriotic Pole's candidate for governor in oil-rich Zulia state, Francisco Arias Cardenas, the incumbent, also was ahead. He was one of the army officers who helped lead Mr. Chavez's 1992 coup attempt against President Carlos Andres Perez.

Mr. Perez, who has spent the last several months under house arrest on charges of illegal enrichment, won a senate seat Sunday. That will give him par-

liamentary immunity and his freedom.

The Patriotic Pole did not exist until early this year, but it has tapped deep-rooted anger over corruption, which many Venezuelans blame for squandering the world's largest oil reserves outside the Middle East.

Venezuelans voted for 23 governors, 48 senators, 189 members of the lower house of Congress and 391 state assembly members.

POLITICAL NOTES

Tobacco Didn't Fire Up Voters

WASHINGTON — The hoped-for electoral bounce of anti-tobacco sentiment never materialized last week for many of the candidates who believed that suing cigarette makers would help propel them to higher office.

Two of tobacco's most outspoken foes — the attorneys general Hubert (Skip) Humphrey 3d, Democrat of Minnesota, and Scott Harshbarger, Democrat of Massachusetts, lost jobs to become governors of their states. Mr. Humphrey had won a \$6 billion settlement out of the industry, and Mr. Harshbarger has a case pending to recover the costs of treating sick smokers.

"There ain't a lot of lift in tobacco," said Scott Williams, a public-relations consultant to the industry with the Bozell Sawyer Miller Group, referring to Minnesota, where the surprise winner was the former pro-wrestler and Reform Party candidate Jesse Ventura.

Health advocates pointed to victories in places where voters spoke directly to an anti-tobacco issue. In Portland, Maine, voters favored a ballot initiative upholding a ban on smoking in certain restaurants, and in Corvallis, Oregon, voters defeated an initiative that would have exempted bars from a smoking ban.

More Women Elected to Congress

WASHINGTON — When the 106th Congress convenes in January, six new women will be among the ranks of the largest delegation to serve in the nation's history.

The election of five female Democrats and one Republican brings the total number of women in the House to 36, for a net gain of two. The number of women in the Senate stayed at nine, with the Democratic Senator Carol Moseley-Braun's loss in Illinois and the former Democratic Representative Blanche Lambert Lincoln's victory in Arkansas.

The defeat of Ms. Moseley-Braun left the Senate with no black members. In the House, the number of blacks stayed steady at 39. With one new face, Stephanie Tubbs Jones, Democrat of Ohio, who won the seat vacated by the retirement of Representative Louis Stokes, a Democrat.

The number of Hispanics in the House also remained the same, at 20. But there will be two new faces: Grace Napolitano, Democrat of California, and Charlie Gonzalez, Democrat of Texas, who won the seat held by his father, Representative Henry Gonzalez, for 36 years. (WP)

Quote/Unquote

Representative Charles Canady, Republican of Florida and chairman of the House Judiciary Committee's subcommittee on the constitution, as he opened a hearing on committee on an impeachment offense: "The evidence before us clearly supports the conclusion that the president is guilty of multiple acts of lying under oath, obstruction of justice and other offenses."

Representative John Conyers, the senior Democrat on the full Judiciary Committee, addressing the same issue: "There is no crime of perjury arising out of questions the government doesn't have the legal authority to ask." (AP)

Gene Therapy Grows New Blood Vessels to Heart

DALLAS — Gene therapy has been used for the first time to grow new blood vessels leading to the hearts of patients with severe blockages, doctors said on Monday.

A team at Tufts University in Boston said that 14 men who received the new treatment had less chest pain afterward and had to take fewer drugs.

The treatment involved injecting into the heart a gene that controls production

of VEGF, or vascular endothelial growth factor, which instructs the body to grow new blood vessels. Evidently new blood vessels did grow, Dr. Jeffrey Isner and his colleagues told a meeting here of the American Heart Association.

The 14 volunteers, aged 53 to 71, all had blocked arteries.

In most of those who had undergone heart bypass operations, in which a new vein is grafted to bypass blockages, the grafted veins also had become blocked.

All but one of the patients reported a "marked" reduction of chest pain starting 10 days after treatment. Although new veins would be too small to observe with conventional imaging techniques, tests have indicated increased blood flow to the patients' hearts.

In follow-up over a few months, there have been no reports of serious side effects, Dr. Isner said. Last year, doctors used VEGF to grow blood vessels in legs blocked by atherosclerosis.

COURT: Clinton Is Rebuffed

Continued from Page 1

privilege." But lower federal courts rejected the claim, saying there was no historical basis for it and, in the words of the D.C. Circuit, "there is a general duty to give what testimony one is capable of giving."

In the case of whether government attorneys can be forced to testify about conversations with the president, Justices Breyer and Ginsburg said the Supreme Court should clearly answer whether government lawyers are covered by the traditional attorney-client privilege.

Without a national standard, they said, the president and other government officials "may very well choose the cautious course, holding back information from government counsel, perhaps hiring outside lawyers instead."

Boost for School Vouchers

The Supreme Court sidestepped a divisive national debate over education as it let Wisconsin continue providing financial help for families whose children attend private schools, even those affiliated with religious groups. The Associated Press reported.

The justices left intact the state's providing tuition vouchers — good for up to \$5,000 a year per child — for students attending private schools in Milwaukee.

Because most of those schools are religious, the state's plan was challenged as a violation of the constitutionally required separation of church and state.

The action Monday, taken by an 8-to-1 vote and without any explanatory comment, is not a decision and sets no national precedent. But it is sure to give new vigor to efforts by tuition-voucher backers in other states.

Congress is considering a national voucher program, and legislatures in about half the states have considered such programs in recent years.

Royalties for 'Louie, Louie'

For more than 30 years, the Kingsmen got no royalties from their classic recording of the garage-band standard "Louie, Louie." On Monday the court let stand a ruling that finally let them collect.

It rejected, without comment, an appeal by two companies that held the rights to the recording and admitted they paid no royalties to the band.

The Kingsmen's 1963 version was not the first recording of "Louie, Louie," but it was a massive hit and has been a party favorite ever since.

Federal officials launched an obscenity investigation of the band's recording but finally declared it "unintelligible at any speed." The band signed a contract in 1968 that was supposed to pay its members 9 percent of the profits or licensing fees from the record.

But the Kingsmen got nothing, and in 1993 they sued Gusto Records and GML, which owned the rights to the recording, after the companies' lawyer acknowledged they paid "not a single dime for 30 years."

A federal judge canceled the 1968 contract and granted the musicians the right to all royalties from the time they sued. The judge also held the companies in contempt when they refused to surrender the master recording.



Republican members of the House Judiciary Committee watching a clip from the Watergate hearings as a subcommittee began laying the groundwork Monday for impeachment hearings against President Bill Clinton.

PARTY: Livingston to Succeed Gingrich

Continued from Page 1

mise over confrontation, and pragmatism over ideological purity — while placing a Republican stamp on legislation. "I am running as a leader and as a manager," he said Sunday.

Mr. Gingrich, buoyed by the Republicans' big gains in 1994, had not only taken on greater powers within the House but "single-handedly invented the notion of the bully pulpit of the speakership," said William Connelly, professor of politics at Washington and Lee University, in Lexington, Virginia. "He tried to govern the country from Congress."

That will not be possible with the Republicans' reduced majority, said Sarah Binder, governmental studies fellow at the Brookings Institution. "My guess is, with 223 Republican votes, it's stalemate, it's gridlock," she said. "He looks pretty ugly for Livingston, and I think Gingrich realized it."

Mr. Livingston can be expected to return some of the powers Mr. Gingrich had amassed to the committee chairs and the rank-and-file, Ms. Binder said.

While both parties will need to work together to pass legislation, Ms. Binder said, there are few obvious areas for cooperation beyond Social Security reform, expansion of the rights of patients in managed-care systems, and possibly tax cuts.

To the extent there is cooperation, she added, "the influence of moderates is going to be inflated."

"On any given vote," she said, "they will be able to claim a majority."

Mr. Livingston is far less well-known on the international scene than Mr. Gingrich, and probably will remain more an "inside" speaker than an "outside" speaker, said Mr. Connelly. He is likely to focus on the details of management, not on articulating an ambitious vision for his party.

The new role would suit Mr. Livingston well, though, Mr. Connelly said. "The new speaker is going to have to pay more attention to the details of managing legislation, and that may be Livingston's strength," he said. "Livingston is more a responsible partner than a backbench, bomb-throwing revolutionary."

"But he will have to define his party's differences with the opposition, confront Bill Clinton when necessary, and at times sit down with the Democrats. But times sit down with the Democrats. But he's got a long history of that," Mr. Connelly added. "The bully pulpit of the presidency will once again eclipse the bully pulpit of the speakership."

Many House Republicans favor a move away from Mr. Gingrich's ideological and confrontational politics as they look to the presidential elections of 2000. Many Americans shared that view, according to a new ABC News poll. It found that 70 percent of those surveyed approved of Mr. Gingrich's resignation as speaker, and 90 percent hoped his successor would try to work harder with Democrats.

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Away From Politics

Two U.S. Navy planes collided on the deck of an aircraft carrier 120 miles (190 kilometers) off the Atlantic Coast on Sunday night, killing one crewmember and injuring two. Three other crewmembers were missing at sea. (Reuters)

The U.S. government, the nation's largest energy consumer, could cut its bills by about \$1 billion a year by taking more aggressive steps to improve energy efficiency, according to a report by the Alliance to Save Energy. (WP)

Rescue workers battled a steady snowstorm Sunday to recover the body of a New Hampshire man who was killed when an avalanche swept a party of five snowboarders down a rocky slope in the Wasatch Mountains in Utah. (AP)

INTERNATIONAL

Spy Suspects in Cyprus Put Turkish-Israeli Ties Under Magnifying Glass

By Deborah Sontag
New York Times Service

JERUSALEM — The arrest of two Israelis on suspicion of spying on a military installation in Cyprus had a comic caper element that immediately raised questions here about whether it was the latest in a series of bungles by the Israeli intelligence agency, Mossad.

On a more serious level the arrest of two Israeli men in a small fishing village near Larnaca, Cyprus, spotlighted regional tensions about the growing security cooperation between Israel and Turkey.

The two men, Udi Hargov, 27, and Yigal Damary, 49, who said they were teachers, were held on suspicion of espionage after the Cypriots said they had been found with electronic equipment while recording police or military con-

versations off a sophisticated scanner.

According to the Cypriots, the men had visited the coastal village, Zygi, which abuts a military camp, twice before in the previous month.

The proprietor of a local taverna, Panikos Cristoldo, had been alerted to notify the authorities if they returned. When they did, Mr. Cristoldo turned them in.

"Something in my heart told me these were spies who had come to hurt my country," Mr. Cristoldo told the Israeli daily Ma'ariv. "Since my intuition never disappoints me, I knew that when the police turned up, they would not go away empty-handed. Everyone in our small village suspected them."

Israel's president, Ezer Weizman, traveled to Nicosia just a week ago to smooth tensions with Cyprus, where the government is wary of the growing

closeness between Israel and Turkey. Cyprus has been in a tense dispute with Turkey since 1974, when Turkish forces seized control of the northern third of the island. Tensions have been aggravated by the Greek Cypriots' recent purchase of Russian anti-aircraft missiles.

"Naturally, we are not happy that holders of Israeli passports were involved in something like this," said Euripides Eurivades, the Cypriot ambassador to Israel. "There is a lot of anxiety back home with what is happening with the ongoing strategic, military relationship between Israel and Turkey. We had the assurances of President Weizman last week that no harm could come to us from this relationship. So the timing of the incident is not great, although we have due process back home and everyone is innocent until proved guilty."

Through the 1990s, Turkey and Israel have forged a close strategic relationship. The Israelis have sold military equipment and provided training to the Turks, and the Turks have allowed Israeli military planes to fly over Turkish airspace. Before the Turkish prime minister visited Israel in early September, Prime Minister Benjamin Netanyahu of Israel created a political storm by saying the relationship constituted a "new axis" in the Middle East. He later retracted this description, saying he had not expressed himself well.

Writing for the Israeli paper Yediot Ahronot, Ron Ben Yishai, a security expert, said the arrests were meant to send "a warning to Israel lest it decide to provide Turkey with any intelligence or military assistance in its fight against Greek Cyprus."

Mr. Eurivades said the Cypriots would probably charge the two with espionage within the week. Spying is punishable by a maximum sentence of 10 years.

Justice Minister Nicos Koshis of Cyprus said police would see the issue through, and take the suspects to trial if the evidence was hard enough, Reuters reported from Nicosia.

"This is a state, there is justice and nobody is above the law," he said.

But it remained unclear whom — if anyone — the two Israelis represented. Some intelligence experts theorized that they were working directly for the Turks, who have vowed to block the imminent delivery of the new surface-to-air missiles.

The Cypriots fear that the Israelis have trained Turkish pilots in sophisticated interception techniques.

The Mossad has been known to use Cyprus for training missions, and Gad Shomron, a former Mossad agent, said that the two Israelis, who had previously visited Cyprus, were on such a mission.

"There is no doubt that based on the information that we have, they came for the purpose of spying on the Republic of Cyprus and specifically the National Guard," Sergeant Kyriakos Kyriacou, the police lawyer for the Larnaca district, told a court.

The Israeli press Sunday used the occasion to recount all Mossad's most recent blunders. They included an incident this year when five Mossad agents were caught trying to bug a house in Bern, Switzerland. That same week, the Mossad director resigned over a bungled attempt to assassinate a Hamas official in Jordan last fall.

Keeping Vigil for the Dalai Lama

Tibetans Wait as Religious Leader Tries for Talks With Beijing

By Seth Faison
New York Times Service

LHASA, Tibet — On an old stone stairway beside the Potala Palace, the unoccupied fortress where the Dalai Lama once presided over Tibet, an elderly woman navigated her way down a long procession of steps after coming here to pray.

"I always come carrying the hope that I will live long enough to see the Dalai Lama here again," said the woman, Chanchup Lhamo. "But I am getting

old, and now I am afraid I may never get the chance."

Tears spilled down her cheeks. "People tell me that good things will come in the future," said Mrs. Lhamo, 76, wiping her eyes with the sleeve of her sheepskin-lined robe. "But I wait and wait and never see it. It never comes."

An intensely religious people who revere the Dalai Lama as a god and a king, Tibetans nurture a fervent desire to see their leader return to the Potala Palace, which has been vacant since the day he fled to India in 1959.

Many do not hesitate to say they would happily sacrifice all their material possessions to see the Dalai Lama in Tibet for a single day.

With each passing year, any return, or visit, by the Dalai Lama appears less likely. Beijing exercises tight control over Tibet and has little incentive to negotiate with the exiled religious leader.

But international pressure on China to relax its grip on Tibet has mounted in recent years, and the Dalai Lama himself is proposing a new initiative that he hopes will lead to talks with Chinese leaders.

Ultimately, he would like to see an agreement allowing more self-rule for Tibet under Chinese sovereignty and, of course, permitting him to visit his homeland.

Courting support for his proposal, the Dalai Lama is expected to meet with Vice President Al Gore at the White House during his current visit to Washington. During the last such visit, President Bill Clinton dropped by, and he may well do so again this time.

Tibetan exiles have said the Dalai Lama would like to meet the president of China, Jiang Zemin, at a holy Buddhist mountain in northern China. A secluded location to which the Tibetan leader can travel as a monk, rather than as a political figure, may be more conducive to quiet talks.

Essentially, Beijing's position is that it will not recognize the Dalai Lama as a religious leader of Tibetan Buddhists until he declares total allegiance to Beijing, affirming that Tibet has always been an inseparable part of China.

The Dalai Lama's calls for greater autonomy, Beijing says, are a way to gain international support for his longer-term goal, and Beijing's greatest fear: making Tibet an independent nation.

Thus, Beijing insists on verbal declarations of allegiance to the Chinese nation by the Dalai Lama and seeks the same from other prominent Buddhist lamas who are considered "living buddhas," or reincarnations of deceased lamas.

"All living buddhas have to be patriotic," said Ma Chongying, deputy director of the Minority and Religious Affairs Bureau in Tibet.

"If you're not patriotic, there's no such thing as being a living buddha. This is an unchangeable principle."

Equally unchangeable, it seems, is the reverence here for the Dalai Lama, despite relentless denigration by the Chinese authorities. A visitor to Tibet who mentions the Dalai Lama's name to a local resident is routinely greeted with a toothy smile and a big thumbs-up.

No open worship of the Dalai Lama is permitted. A favorite practice of displaying the Dalai Lama's picture is banned except in private homes. Monks



A Tibetan woman leaving Potala Palace, the Dalai Lama's former home.

and other worshippers sometimes ask visitors for a likeness of the Dalai Lama, but only out of earshot of the men and women in plainclothes who loiter around religious sites in odd large numbers.

In the long run, Chinese officials evidently hope that the Dalai Lama issue will disappear. Looming behind the current efforts at negotiation is the critical question of the Dalai Lama's succession, traditionally decided through a highly mystical procedure of locating his reincarnation in a young boy somewhere on the Tibetan plateau.

Chinese leaders are likely to prevent Tibetan religious leaders from choosing a new reincarnation of the Dalai Lama, or to control the process so tightly that Beijing in fact determines the choice.

The current Dalai Lama is 63. At the Potala Palace, a 1,000-room mansion that majestically crowns the entire valley surrounding Lhasa, Tibet's holy capital, pilgrims come each day to worship the Dalai Lama, even if they do

not mention his name too loudly while doing so.

Inside one room of the Dalai Lama's former living quarters, a small throne draped with green and white silk embroidery and offset by a long row of gold-encased cabinets filled with Buddhist statues and jewelry is covered by thousands of white scarves brought by devoted pilgrims.

On a recent morning, an elderly couple dressed in the long black and maroon robes of herdsmen from the countryside stepped forward to prostrate themselves on the worn stone floor. Their two children followed suit on the floor behind, as did a granddaughter in a bright yellow parka.

A Lhasa policeman, with a mild paunch and dark sunglasses, watched silently from the back of the room. After the family moved on to the next room, he stepped forward and put a 10 yuan note, about the equivalent of a dollar, on a silver chalice.

Paris to Supply Its 90,000 Trees With Electronic Identity Papers

Agence France-Press

PARIS — The city of Paris is planning to put electronic "badges" on all the estimated 90,000 trees along its streets, enabling them to be identified individually.

That will enable the city to treat diseased trees before they can contaminate others and thus prevent epidemics like the one that destroyed elms in the city in the 1970s.

It could also help contain a termite invasion, which began in 1994 and has already affected 1,300 trees.

The plan, expected to cost 3.5 million francs (\$700,000), will be completed by the end of next year, according to the city's Parks and Gardens department.

In 1992, Paris drew up a data bank on the trees lining its boulevards, including listing for each tree, its vari-

ety, date of planting and remedial care.

But on the ground it was sometimes difficult to pinpoint the exact tree because there might be several planted between two buildings in the same street.

After rejecting as ugly the idea of painting each tree with a number and as impractical that of nailing a sign on the tree trunk, because it might damage the tree or be ripped off by vandals, the experts decided on a tiny electronic badge to be inserted into the trunk and masked by putty the same color as the bark.

The badges can be "read" at a distance of 30 centimeters (one foot).

Electronic tagging, first invented for cattle, has been used in small experiments on trees in Mannheim, Germany, and in London.

RIGOR: Bonn Urges Economic Stimulus

Continued from Page 1

rates among currencies "big and small." Reminded that senior U.S. Treasury officials were opposed to the concept, Mr. Flassbeck said it was time for "a competition of ideas" in the G-7.

Mr. Flassbeck, who last week attended a Bundesbank Council meeting at which he and Mr. Lafontaine unsuccessfully pressed their case for a rate cut, said Monday that Germany was facing "deflationary dangers" that stemmed from the worldwide economic crisis and falling unit labor costs at home.

"It is quite clear that there are signs of a slowdown all over Europe and in the United States," Mr. Flassbeck stressed at an interview at the Finance Ministry in Bonn. "So the question arises about what we can do. Should we run huge deficits, or would it not be more reasonable to first cut interest rates?"

Asked what the government would do if the Bundesbank and the new European Central Bank continued to resist pressure for rate cuts, Mr. Flassbeck said, "That is a hypothetical case at this point in time, but it cannot be excluded."

He said he hoped it would be possible to avoid a "trade-off" between the need to relax discipline on public spending and the need to respect the terms of the European Union's stability pact — the agreement to slow to strict deficit targets after the introduction of the single currency, the euro, in January.

"If we are not allowed to use monetary policy, then the logical conclusion is to have a fresh look at fiscal policy and spending," he said.

Citing three "instruments" that can counter the slowdown — wage increases, looser credit terms and government spending — Mr. Flassbeck said, "Monetary policy is always the stronger instrument under normal circumstances than fiscal policy."

He continued, "that is why I would favor a first role of monetary policy" in the effort to prime the German economic pump.

At stake in Germany, he said, were half a million jobs that could be lost without help from interest-rate cuts or new government spending.

"The question arises how to avoid the next half-million unemployed. And the question may be, 'Do we avoid that or let it happen?'"

Mr. Flassbeck, who is considered a possible successor to the Bundesbank's president, Hans Tietmeyer, who retires in June, recently called for a drastic reduction of a full percentage point in German lending rates.

On Monday, he said, "I will not say that any more," adding that the call had been based on a technical argument related to short-term and long-term rates.

Consumer spending and investment in machinery remain unusually weak in Germany, he said.

Prices are rising at an average annual rate of 0.7 percent, which he noted was

well below the Bundesbank's target of 2 percent. "Actual inflation rates are generally overstated by at least three-quarters of a percent, so inflation in Germany today is close to zero," he said.

In another sign of the neo-Keynesian stance of the new government, Mr. Flassbeck said that consumer spending could be stimulated through wage increases greater than the average of 2 percent in recent years.

To stimulate consumer spending, he said, "I think, step by step, we should return to the 3 percent to 4 percent range" of annual wage increases.

In announcing plans for Germany's G-7 initiative, Mr. Flassbeck stressed that currency turmoil had shown the need for "some kind of adjustment mechanism" that would allow currencies to fluctuate in a less volatile manner.

IRAQ: U.S. Plans for Military Action and Gains Backing for Political Gamble in Gulf

Continued from Page 1

how much can be accomplished from the air, but the campaign would be helped by the extensive intelligence about Iraqi military dispositions that has been collected during the UN inspections since 1992.

A bombing campaign on the scale indicated by U.S. officials would imply significant civilian casualties in Iraq. But a National Security Council official said Monday that "we can sustain political support for air strikes in pursuit of clearly identified objectives" — apparently meaning that Iraq would be publicly warned against weapons manufacture, terrorism or domestic repression.

The concern that has dogged U.S. policy in previous confrontations has been that bombing could backfire if it led to the ouster of UN inspectors from Iraq

and increased the risk of nuclear proliferation in Iraq. Since Iraq has broken off cooperation with UN inspectors and demanded that sanctions be lifted, the Clinton administration seems to have accepted the idea that punitive, perhaps preemptive air strikes offer the only remaining recourse against Iraq's quest for weapons of mass destruction.

The tougher U.S. line, far from alienating allies, seems to have won adhesion from countries in Europe and the Middle East that sought to keep Washington at arm's length in showdowns with Iraq last year and again last summer.

The U.S. approach this time is professional, highly professional, without the bluster that was a worrying sign on previous occasions," a French official said Monday after closely held consultations on Iraq between the United States,

Britain and France on Saturday in Paris. In particular, he said, Washington had been diplomatically astute in phrasing the possible use of force as a gesture supporting the Security Council, not a unilateral U.S. initiative that made it harder for France and some other countries to join in.

While France has been publicly cautious, there are signs that Paris has agreed to join in military action unless Mr. Saddam backs down completely in the next few days. An aide to President Jacques Chirac said Monday that the latest Security Council resolution carried such a strong condemnation of Iraq that military action could be justified. Britain has already aligned itself with Washington.

European support has been quietly paralleled in the Middle East, according to U.S. officials, who said that, contrary

to their widely reported public jitters, Saudi Arabia and other key governments have pledged to back tough action against Iraq. The message given to Defense Secretary William Cohen last week in the Gulf, according to an Arab ambassador in Paris, was in effect this: "We can't afford to let your planes use our bases if they're just going to drop a few bombs and leave, but if you mean business, we're with you."

Both Israel and the Palestine Liberation Organization also find themselves politically beholden to the Clinton administration, which also showed skillful footwork in dispatching pro-U.S. Kurdish leaders to Turkey to provide public reassurances that the fall of the Baghdad regime would not lead to a break-up of Iraq into religious and ethnic components.

He added that references to the pro-

GERMANY: The Nazi Horror of Kristallnacht Echoes in a Divided Nation as Debate About Its Past Continues

Continued from Page 1

that the German people had shown their "democratic maturity" by dissociating themselves from extreme rightist slogans. "It is our task to fashion the present and the future so that the past cannot repeat itself," Mr. Schroeder said.

Kristallnacht represents one of the darkest pages of that past. At least 7,500 Jewish stores were plundered and their windows smashed as close to 30,000 Jews were rounded up and sent to prison camps. In Berlin alone, 9 of 12 synagogues were destroyed.

Germany has repeatedly confronted and sought to atone for these acts — President Roman Herzog called them Monday "one of the most horrible and shameful moments in German history" — but Mr. Bubis and other Jewish leaders focused unrelentingly on what they

portrayed as a new readiness to suppress memory.

Clearly criticizing the new chancellor, Mr. Bubis portrayed the neo-Nazi menace as a real one and devoted much of his speech to a sharp attack on one of Germany's leading writers, Martin Walser, who was awarded the top prize at the Frankfurt Book Fair last month.

In accepting the prize, Mr. Walser, a widely respected figure here, suggested that a "routine of accusations" against Germans had developed. He said no serious person denied Auschwitz, but "if the media present this past every day, I feel in myself something that begins to resist the permanent presentation of our shame."

The writer continued, "Auschwitz is not suited to becoming a routine threat, a tool of intimidation that can be used any time, a moral stick or merely a compulsory exercise."

Criticizing the "exploitation of our disgrace for present purposes" — an apparent reference to Jewish financial claims for World War II reparations — Mr. Walser also noted the suspicions aroused if one dared declare that "Germans have become a normal people now, an ordinary society."

Asked recently about Mr. Walser's remarks, which also included a blunt attack on what he called "the monumentalization of disgrace" and the "soccer-field-sized nightmare" of a proposed Holocaust memorial in Berlin, Mr. Schroeder declined to criticize or endorse the author.

But Mr. Bubis embarked on a vehement denunciation of Mr. Walser on Monday, saying it was "moral arson" for anyone to talk of the exploitation of Auschwitz or suggest that it had become a means to intimidate Germans. "We can't stop showing films of the camps,

just so Walser gets his peace-of-mind back," he said.

Many letters to the German press over the last month have praised the writer for having the courage to say what many German people silently feel, but Mr. Bubis characterized the remarks as particularly dangerous because they came from a respected figure with no attachment to the German right.

Another Jewish community leader, Michael Friedman, said that Mr. Schroeder had a duty to define his views about what Mr. Walser said because the remarks concerned "a fundamental issue of German identity."

"The trend in Mr. Walser's speech is something that is more and more widespread of late," Mr. Bubis said. "Intellectual nationalism is spreading and it is not free of an understated anti-Semitism."

posed Holocaust memorial as "a nightmare" were unacceptable. "It was the disgrace that was monumental," he said of the Holocaust. "It will not be monumentalized by a memorial."

After a decade of discussion, Germany had appeared ready to move ahead with a design by Peter Eisenman, an architect based in New York, for the construction of a labyrinth of about 4,000 concrete pillars close to Berlin's Brandenburg Gate. But the Schroeder government has expressed grave reservations, and the plan is expected to be put to a parliamentary vote next year.

With the move of government offices back to Berlin just months away and with several ministries destined to be housed in buildings also used by the Nazis, the sharp differences evident Monday appear likely to intensify as Mr. Schroeder's "Berlin Republic" is born next year.

EUROPE

New Deaths In Kosovo Cloud Pact

The Associated Press
PRISTINA, Yugoslavia — The bodies of two Serbian policemen were found in central Kosovo on Monday, Serbian officials said, the latest evidence that a month-old cease-fire in the troubled province is coming under increasing strain.

The policemen, who have been missing since Friday, were found by a police patrol near Malisevo. Initial findings indicated they had been shot at close range, according to a Serbian media statement.

The report comes amid an upsurge of scattered violence in Kosovo, roughly four weeks after a pact aimed at halting the conflict between Yugoslavia and ethnic Albanian separatists was struck between the Yugoslav president, Slobodan Milosevic, and the U.S. negotiator Richard Holbrooke.

Tension remains high over the killings of five ethnic Albanian rebels by Serbian police on Friday in central Kosovo. The police described the encounter as a shoot-out



Slavko Curuvija, the paper's editor.

Belgrade Court Fines Paper

The Associated Press
BELGRADE — A court in Belgrade has imposed the maximum fine on the owners and chief editor of an independent daily newspaper after finding them guilty of breaching Serbia's restrictive new information law, the media reported Monday.

Following a trial Sunday against the Dnevni Telegraph paper, the court ruled that its publishing company and chief editor, Slavko Curuvija, must pay 1.2 million dinars (\$120,000) for "publishing information inciting destruction of the constitutional order."

The verdict against the newspaper, known for its criticism of President Slobodan Milosevic's regime, was handed down a day after it resumed publication following weeks of government bans, court trials and police raids.

In its first edition Saturday, Dnevni Telegraph ran an ad paid for by a Belgrade University student group that called for the abolition of the government.

Four students belonging to the group were arrested last week for spraying graffiti of the group's symbol, a clenched fist, and sentenced to 10 days' imprisonment.

Within hours after it ran the ad, the paper was seized by a high-ranking Serbian official and a close Milosevic associate, who said that it violated Serbia's new media law.

The defendants and their lawyers stormed out of the Belgrade district court Sunday after two hours of hearings, protesting what they described as the partiality of the judge.

The court verdict gave the owning company 24 hours to pay the fine.

EU Weighs \$480 Million In Food Aid to Russians Bonn to Lift Surveillance Of Ex-Communist Party

BRUSSELS — The European Commission proposed a \$480 million package of food aid for Russia on Monday to help offset shortages expected this winter as a result of the financial crisis and the worst harvests in four decades.

Hans van den Broek, the EU commissioner responsible for relations with Moscow, said he expected a formal Russian request for food aid in the next few days. "It is extremely important that we put the mechanism in place to ensure the aid reaches its destination," he said.

The proposal, outlined to EU foreign ministers, needs the approval of the European Parliament and the 15 EU governments.

Wheat, rye, pork, beef, milk powder and rice would be delivered for free but sold at local prices to avoid disrupting the market. (AFP)

BERLIN — The German government plans to lift its intelligence service's surveillance of the Party of Democratic Socialism, Interior Minister Otto Schily said Monday.

The Party of Democratic Socialism is the successor to the former East German Communist Party. The surveillance, by the Office for the Protection of the Constitution, created a "muddled" and "precarious" situation now that the former Communists are in a governing coalition with Social Democrats in Mecklenburg-Pomerania, Mr. Schily said.

The Social Democratic parliamentary leader, Peter Struck, said last week that the Party of Democratic Socialism would be given a seat on the parliamentary commission that oversees the intelligence service. (AFP)

Nuclear Plant in France Said to Leak Radiation

PARIS — The environmental group Greenpeace said Monday that the French nuclear reprocessing plant at La Hague was emitting very high levels of aerial radioactivity.

Samples of the air taken at altitudes of 60 to 1,000 meters showed high levels of radioactive Kr-85 gas, Greenpeace said. It used kites to send up equipment, taking the first sample Wednesday.

The worldwide average level of radioactivity in the air is from 1 to 2 becquerels per cubic meter, while the amount recorded at La Hague was about 90,000 becquerels per cubic meter. (AP)

Latvia Hopes for Talks In 1999 on Joining EU

RIGA, Latvia — President Guntis Ulmanis said Monday he hoped Latvia could join European Union accession talks some time in the second half of 1999, when Finland will hold the EU presidency.

Mr. Ulmanis said on state radio that although Latvia had not been recommended for fast-track negotiations in a report last week by European Commission, his country had made great strides toward joining the grouping.

"During the term of Finnish presidency, we may be safe to speak of beginning talks," he said. (Reuters)

Blair Deputy Attacks the Press for Prying

Reuters
LONDON — Deputy Prime Minister John Prescott criticized the press on Monday for prying into politicians' private lives as the best-selling British tabloid, The Sun, demanded to know whether Britain was being run by a "gay Mafia."

Mr. Prescott went on the offensive after the agriculture minister, Nick Brown, was forced to acknowledge that he is a homosexual.

The disclosure was made after a former lover of Mr. Brown's tried to sell his story to a Sunday newspaper.

"I think it's quite deplorable," Mr. Prescott said in an interview with the BBC, referring to such press coverage.

"They seem to be judge, jury and executioner in this matter. It's totally unacceptable, and I think

British public opinion is against it also." He called on the Press Complaints Commission, a voluntary industry watchdog, to clamp down on intrusion.

Most British newspapers expressed sympathy on Monday for Mr. Brown, but The Sun said the revelation that another member of Prime Minister Tony Blair's cabinet was gay had set alarm bells ringing.

"Tell us the Truth, Tony," the tabloid, owned by Rupert Murdoch, said in a front-page editorial. The Sun has a circulation of about 3.8 million, the largest among British newspapers.

It said it did not want to pillory homosexuals but asked: "Is Britain being run by a gay Mafia of politicians, lawyers, Palace courtiers and TV bigwigs?"

Mr. Brown went public about his sexuality after the News of the World, which also is owned by Mr. Murdoch and is Britain's best-selling Sunday newspaper, was approached by a former lover of Mr. Brown's with what it said was "a series of fanciful and lurid allegations."

Mr. Brown, 48, acknowledged that he occasionally gave his partner small sums of money but denied he ever paid for sex.

Cabinet colleagues closed ranks behind Mr. Brown, who joined the cabinet in July after serving as chief whip, or parliamentary business manager.

But he made his bitterness clear in a brief television interview on Sunday. "I had rather hoped I could have a private life like other people," he said.

Turkey Begins New Iran-Gas Pipeline Link

The Associated Press
ERZURUM, Turkey — Prime Minister Mesut Yilmaz broke ground Monday for part of a pipeline to carry both Iranian and Turkmen natural gas to Turkey and the rest of Europe.

Turkey is scheduled to receive Iranian gas by the middle of next year through a pipeline already under construction between this eastern city and the Iranian border.

"The first 100 kilometers of the pipeline have already been built," said Nevzat Arseven, head of the state-owned pipeline company Botas, in reference to the 301-kilometer (188-mile) pipeline. Mr. Yilmaz broke ground on the Erzurum-to-Ankara leg, which is to be finished in 2001.

The United States, which accuses Tehran of sponsoring terrorism, has criticized a 1996 Turkey-Iran gas deal. But with its annual demand for natural gas, both for industry and residential heating, expected to quadruple to 45 billion cubic meters (1.6 trillion cubic feet) by 2005, Turkey has agreed to buy 3 billion cubic meters of Iranian gas each year. The amount will be quadrupled later.

Turkey plans to purchase gas from Turkmenistan, too, and Erzurum would be the main junction for pipelines running from Iran and Turkmenistan through to Ankara, nearly 900 kilometers to the west. Turkey also is vying for a Caspian Sea oil pipeline to its Mediterranean coast.

Pinochet Lawyers Fear for Chile's Stability

Compiled by Our Staff From Dispatches
LONDON — Lawyers for General Augusto Pinochet told Britain's highest court Monday that to uphold the former dictator's arrest would imperil Chile's fragile democracy.

A key issue "is whether the court should interfere with the delicate balance between the interests of justice and state stability," Clare Montgomery, a lawyer for General Pinochet, said in the House of Lords.

From the London hospital where he

remains under arrest, General Pinochet has vowed that he will strenuously fight prosecutors' efforts to extradite him to Spain on mass-murder charges.

"A show trial in a foreign land is not justice," he said in a four-page statement published in newspapers Sunday. "My fellow citizens have come to terms with our nation's past. They are my true judges."

Ms. Montgomery opened General Pinochet's case on the third day of a

hearing before a five-judge panel in the House of Lords, Britain's highest court. The hearing was called after prosecutors appealed a Oct. 28 High Court ruling that General Pinochet had diplomatic immunity as a former foreign head of state.

Prosecutors are arguing that the charges against the former dictator of committing genocide, murder and torture should override any immunity. The law lords are expected to prolong the case until midweek. (AP, AFP)

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ASIA/PACIFIC

Indonesian Military Abandons Political Post

By Cindy Shiner
Washington Post Service

JAKARTA — On the eve of a key meeting to chart Indonesia's path to democracy, the head of the armed forces said Monday that the military was eliminating a key post that had allowed it to openly sway the country's politics for three decades.

Analysts characterized General Wiranto's move as an attempt to throw a bone to demonstrators who are calling for sweeping changes during the special meeting this week of the People's Consultative Assembly, the most powerful lawmaking body in the country.

The 1,000-member assembly is to establish a framework for elections next year and institute other political changes following President Suharto's resignation in May after 32 years of authoritarian rule. Among the latest demands by student demonstrators who helped pressure him to resign is a reduced role for the military in politics.

General Wiranto, who is also defense minister, said the military's socio-political division, headed by a senior general, would be abolished, calling it "no longer relevant, currently and in the future, in line with the duties, function and role of the armed forces," according to Reuters.

The position is being replaced by a new post, the army's chief of staff for territorial affairs. It was not immediately clear how much power that job would hold, and observers said it was

unlikely that the military would fade into the background with the elimination, or transformation, of one job.

The military is allocated 75 seats in Parliament, and there is speculation the number will be reduced to 55 this week. But the most staunch opponents of the government want the military to withdraw from politics altogether.

There are growing fears that violence will erupt this week between pro- and anti-government protesters if concrete reforms are not undertaken. Thousands of students are expected to converge at the Parliament building, where the assembly is to meet. Adding to the tension is the military's move to recruit more than 100,000 civilian guards to help maintain order on the streets of Jakarta.

Trucksloads of youths rode through the city Monday, shouting and brandishing bamboo sticks, before attacking a local university. They threw stones and bottles, but no serious injuries were reported.

The government says it wants to head off unrest reminiscent of massive rioting in May that left at least 1,200 people dead before Mr. Suharto resigned.

But some skeptics say that bringing in a poorly trained civilian guard from out of town is an attempt by members of the armed forces to foment violence as an excuse for a crackdown.

Adding to public cynicism are the recent findings of a government-backed fact-finding team. In a report released last week, the team said rogue members of the military were partly responsible for the rioting in May.



Anwar Ibrahim saluting supporters on Monday as he left the High Court in Kuala Lumpur, where he is on trial on charges of sodomy and corruption.

Anwar Accuser Cites Coaching

KUALA LUMPUR — A woman who accused Anwar Ibrahim of sodomy in 1997 said a trusted ally of Prime Minister Mahathir bin Mohamad had advised her to write a report on the allegations.

The 1997 letter by Ummi Hafida Ali appeared to be the first document presented in Mr. Anwar's criminal trial that links Daim Zaiduddin, the special functions minister, and other high-ranking government officials to the allegations.

Mr. Anwar, the former finance minister and deputy prime minister, has pleaded not guilty to five charges of corruption and five charges of sodomy. Mr. Mahathir has called him morally unfit. Mr. Anwar says he is the victim of a high-level conspiracy to sideline him.

In the letter, dated Aug. 18, 1997, and addressed to Mr. Mahathir, Ummi Hafida Ali retraced allegations of sexual misconduct she made against Mr. Anwar on Aug. 5, saying they were based largely on "imagination and assumption."

In an Aug. 5, 1997, report to Mr. Mahathir, she accused Mr. Anwar of adultery with her brother's wife, Shamsidar Taharin, and of a homosexual relationship with Mr. Anwar's former driver, Azizah Abu Bakar.

She wrote in her retraction that before she reported to Mr. Mahathir she met with Mr. Daim and the wife of the domestic trade minister, Megat Junid Megat Ayob. "At that meeting, he advised that a report be prepared in black and white before it is presented to the prime minister," she wrote in her retraction, portions of which were read Monday to the High Court. She said Mr. Megat Junid had referred her to Mr. Daim after learning of the allegations through his wife.

BRIEFLY

Taliban Seeks Proof on Exile

ISLAMABAD, Pakistan — The Taliban religious army wants evidence of the involvement of the Saudi exile Osama bin Laden in terrorist activity by Nov. 20 or "in our eyes he will be acquitted," Abdul Hai Mutmayan, a member of a Taliban inquiry body, said Monday.

Mr. bin Laden has been indicted by a U.S. court in the Aug. 7 bombings of U.S. embassies in Kenya and Tanzania that killed 224 people.

The Taliban said that it would not turn Mr. bin Laden over to the United States, but that if the U.S. administration furnished evidence of his involvement in terrorist activity, he would be tried under the religious militia's strict Islamic laws. (AP)

Hong Kong Court Backs Rule

HONG KONG — Foreigners working for Hong Kong's civil service must be proficient in Chinese if they want to be classified as permanent employees, a court ruled Monday.

Hong Kong instituted the Chinese-language requirement in November 1997, less than four months after the territory was handed over to China from Britain. The Association of Expatriate Civil Servants, representing mainly British people who still work for the Hong Kong government, complained that the rule violated its members' civil rights, government-run Radio Hong Kong reported. (AP)

U.S. Energy Chief Visits Taiwan

TAOYUAN, Taiwan — The U.S. energy secretary, Bill Richardson, arrived in Taiwan on Monday on a high-level visit that has irked Beijing.

Mr. Richardson, one of the most senior officials to visit Taiwan since Washington switched diplomatic recognition to Beijing from Taipei in 1979, said he came to Taiwan to reaffirm U.S. friendship with Taipei. (Reuters)

North Korea 'Insulted' by U.S. Demand

Agence France-Press

SEOUL — North Korea on Monday called U.S. demands for inspection of an underground facility suspected of being a secret nuclear weapons plant an insult and "wanton interference in its internal affairs."

Pyeongongyang "will not tolerate any interventionist moves that infringe upon our sovereignty but resolutely reject such a brigandish demand as house search," a Foreign Ministry spokesman was quoted as saying by the official press agency KCNA.

"Their insistence on inspection of our underground facility means to search all our internal things, which is an insult," he said. He insisted Pyongyang had "sincerely implemented" its 1994 accord with the United States, under which it agreed to suspend nuclear operations in return for the U.S.-led construction of reactors.

The outburst came a week before a scheduled visit by Charles Kartman, a deputy assistant secretary of state who is to seek inspection of the underground complex.

But Pyongyang said Washington could inspect the facilities under its terms and if it agreed to pay compensation should no nuclear link be found.

"We have repeatedly told the U.S. side that the object about which the U.S. side threw doubts is a civilian underground facility," the spokesman said, adding, "If the U.S. side is willing to inspect the object at any cost, therefore, it may make proper compensation and inspect the object as we demand."

Nigeria Prepares for Vote With Hope and Skepticism

By Norimitsu Onishi
New York Times Service

LAGOS — She was at least as elusive as the other dreams this country has pursued. A mermaid was spotted last week under Falomo Bridge, swimming in the creek spilling into Lagos Lagoon.

After word spread, hundreds of drivers parked on the bridge, which leads to Victoria Island, this city's business center, creating a traffic jam. The curious, the hopeful, the doubtful stood there and peered into the waters below.

It is with a similar mixture of desperate hope, cautious optimism and deep skepticism that Nigerians are watching their country's new military rulers who have promised a permanent change to a civilian government.

The scheduling of elections, the release of political prisoners and other reforms have earned positive reviews in the West for General Abdulsalam Abubakar, who took over as president in June after the unexpected death of General Sani Abacha.

But in Nigeria, Africa's most populous country and one long split by ethnic, religious and regional loyalties, distrust of such promises runs deep. Many Nigerians — journalists and activists, opponents of the government and even some of its own officials — warn against being too optimistic.

Although many Nigerians say there is already a greater feeling of freedom, they are quick to add that political reforms have not gone as far as they should. They say Nigeria's problems will not be quickly solved. Among them are a military accustomed to holding

power and a split between the South, which produces the country's oil, and the North, which controls it.

"The changes are only cosmetic," said Olisa Agbakoba, a prominent human rights lawyer in Lagos and a member of the Ibo, one of the three major ethnic groups in the country. "It's nice that Abubakar doesn't wear dark glasses" — a reference to General Abacha — "and that he's supposed to be a nice guy. But nothing has changed fundamentally."

Next month, Nigeria is to start jurching toward democracy in a series of elections that are to culminate in February with the presidential contest and a transfer of power to a civilian government on May 29.

The United States has a great stake in these events, having raised its investments in the Nigerian oil industry and relied increasingly on the country, as West Africa's dominant power, to keep peace in the area.

For now, before the government's promises have been put to the test of elections, even Mr. Agbakoba admits, reluctantly, that things have improved. Early this year, under the old regime, he was arrested at the airport after returning from London. The authorities, he said, suspected anyone traveling to Britain or the United States of fraternizing with the Nigerian exiles there.

After two months in jail — and, more important, after General Abacha's death — Mr. Agbakoba became one of the hundreds of political prisoners freed by General Abubakar. Today he travels freely, holds meetings with fellow political organizers and talks on the telephone without speaking in code.

INTERNATIONAL



BREAK IT UP — A Bangladeshi police officer firing tear gas Monday into a crowd of demonstrators during the first day of a two-day strike in Dhaka, the capital. Two people were killed during the protest.

"The shadow is no longer there," he said. "You feel easy. You sleep easy. Both eyes firmly shut."

Beyond the release of political prisoners, the new openness has touched many levels of society. Exiles, most notably Wole Soyinka, the Nobel Prize-winning author who lives in Atlanta, accepted General Abubakar's invitation to visit. On the streets of Lagos, giant billboards now demand human rights. Daring in and out of traffic, children now hawk political magazines, like Tell, which was banned until a few months ago, and whose assistant editor was jailed.

Akin Akingbulu, executive director of the Independent Journalism Center here, said "guerrilla journalism" tactics were no longer necessary. Targeted publishers no longer have to move from one printing site to another each week to avoid de-

fection and reporters are now permitted to attend government news conferences.

But this new openness, Mr. Akingbulu says, may be temporary. He said the government had yet to repeal a notorious law, Decree No. 2, that allows the authorities to detain people indefinitely under the catch-all of state security.

"Abubakar has been in power for five months," said Femi Falana, a well-known opposition lawyer. "It doesn't take anything to repeal that decree. It just takes a single stroke of his pen. If you say you are controlling the military, and you are popular among citizens, why are you leaving this problem for the next civilian president?"

Mohammed Haruna, chief press secretary to General Abubakar, said there was a limit to what the president could do in a short time. Undertaking all necessary

reforms would prolong his tenure and, inevitably bring accusations of wanting to cling to power, Mr. Haruna said.

An independent body was created to oversee the elections, but irregularities have already been reported. About 16 million voter-registration cards vanished, preventing many people from registering, said Mr. Haruna and opposition leaders. But more important, reforms to ensure the viability of a civilian government after May have yet to be undertaken. No constitution has been presented and the military has not been reformed.

At the end of the day, despite Abubakar's good intentions, the monstrous military institution is still there, said Tunji Braithwaite, a prominent Lagos lawyer who formed a party, the Democratic Advance Movement, and is seeking the presidency.

BRIEFLY

Ethiopia Accepts Peace Plan

ADDIS ABABA, Ethiopia — Ethiopia has accepted a peace plan drawn up by the Organization of African Unity to resolve its border conflict with Eritrea, Foreign Minister Seyoum Mesfin said Monday.

The plan, presented to Ethiopian and Eritrean leaders at a summit in Ouagadougou, Burkina Faso, over the weekend, was drawn up by the chairman of the African organization and president of Burkina Faso, Blaise Compaore, with his counterparts from Zimbabwe, Robert Mugabe, and Djibouti, Hassan Gouled Aptidon.

The officials refused to disclose details of the plan, which is reportedly based on a plan by the United States and Rwanda that called for a peaceful resolution to the conflict, an agreement by Ethiopia and Eritrea to delineate the frontier through negotiation, and a withdrawal of both sides' troops from the border. (APF)

Ruling Party Wins in Mexico

PUEBLA, Mexico — The world's longest-ruling political party cruised to victory in gubernatorial elections in two Mexican states, but a coalition of opposition parties eked out a win in a third race, results showed Monday.

Revolutionary Party leaders in the states of Puebla and Sinaloa rushed to claim victory after exit polls gave the party's candidates double-digit leads.

But in tiny Tlaxcala, an alliance of opposition parties led by the leftist Party of the Democratic Revolution managed a razor-thin victory. (Reuters)

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Herald Tribune

Jean Marais, 84, Star Of French Film, Dies

The Associated Press

PARIS — Jean Marais, 84, the French actor who began his career in art films as the protégé of the surrealist artist Jean Cocteau and became a pillar of the French cinema, died Sunday in Cannes, city officials said.

Mr. Marais had been in declining health for the past year and was hospitalized in June with malnutrition.

A would-be actor twice rejected from France's top drama schools, Mr. Marais went on to become one of the nation's most beloved movie stars, thanks to Mr. Cocteau.

Strikingly handsome, with thick blond hair which turned to pure white as he aged, Mr. Marais was best known for his role as the hairy beast in Rene Clement's 1945 classic, "The Beauty and the Beast."

He also starred in "The Hunchback" and was a swashbuckling hero in films such as "Le Capitaine," "Le Capitaine Fracasse" and the "Fantomas" series, with Louis de Funes.

Mr. Marais worked with top directors such as Jean Renoir, Luchino Visconti and Abel Gance.

In the mid-1990s, he starred at the famed Paris cabaret Les Folies Bergeres, and played Prospero in Shakespeare's "The Tempest." He published several books about his life. He had a

show of his art work in 1995. "Life is unfair," he told the Journal du Dimanche newspaper in 1996. "I got nothing but the best."

John Hunt, 88, Leader Of Everest Expedition

LONDON (AP) — John Hunt, 88, leader of the British expedition that first climbed Mount Everest, died Saturday night at his home in Henley-on-Thames after a brief illness, his family announced.

As leader of the expedition in 1953, Mr. Hunt decided it was his responsibility to remain at base camp while Edmund Hillary and Tenzing Norgay climbed the last 400 feet (120 meters) to the summit.

Mr. Hunt recalled that he wept for joy when he heard Mr. Hillary's boast — "Well, we knocked the bastard off!" — as he returned from the summit on May 29. Mr. Hunt said it was the greatest moment of his life, even though there was a sense of personal disappointment.

"It was my ambition just as much as everybody else's in the party to be first at the top," he said in an interview with the Evening News in 1978.

"I thought about it a lot and concluded that it was important for the leader to be in a position where he could exercise some control if necessary. It did not seem that I could do both."

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ASIAN ART

LONDON WEEK HIGHLIGHTS TREASURES FROM THE EAST

Dealers, auction houses and museums are offering a spate of Asian exhibitions and sales during the month of November.

Interest in both traditional and contemporary Asian art is expanding rapidly, despite the financial crisis affecting many parts of Asia. To celebrate this renaissance, dealers, auction houses, museums and the academic and business communities in London are combining forces to host "Asian Art in London" from Nov. 10 to 21. Other important auctions are being held in Paris, where a number of very rare objects from China, Korea, Japan, the Ottoman Empire and Persia are being offered this month.

3,000 years of art
An extraordinary variety of works of art will be on sale in London, including ceramics, paintings, sculpture, furniture, precious jades, textiles, rugs and carpets, manuscripts and miniatures spanning three millennia. The geographic coverage extends from China through India to Turkey and from the Himalayas to Japan. Estimated prices range from more than a million dollars to \$50, thereby enabling both the connoisseur and the amateur collector to take part. "There is something for everyone," says Michael Spink, chairman of the Asia Art in London steering committee.

"We hope this will be a yearly event," says Giuseppe Eskenazi, one of the field's most respected dealers and another member of the steering committee. "London is a focal center for the whole of Europe, and serves Europeans and Americans as well as Japanese, Taiwanese, visitors from Hong Kong and other Asians who come here to do business."

A significant feature of the 12-day event is the central role being played by the city's dealers in Asian art. More than 50, many of them world-renowned, will be taking part in a three-day series of open evenings: in Mayfair on Nov. 16; in St. James's on Nov. 17 and in the Kensington Church Street area

on Nov. 18. Among those participating in Mayfair, Giuseppe Eskenazi will be displaying Chinese works of art from the 11th to 18th century. John Eskenazi will be exhibiting Gandhara sculpture from the first to fourth century; Robert Hall, Chinese snuff bottles; Jacqueline Simcox, Chinese and Central Asian textiles from the second century B.C. to the 17th century; and Michael and Henrietta Spink, Southeast Asian sculpture and Indian miniatures. The 11 dealers in Gray's Antique Market on South Molton Lane will combine their exhibitions with lectures, poetry readings and music.

In St. James's and Kensington, dealers such as Spink, Rossi & Rossi, Marhanukh Desai, Cohen & Cohen, Berwald Oriental Art, Indar Pasricha Fine Arts and Jorge Welch are offering a variety of rare objects, including Chinese blue-and-white porcelain, Buddha images, an exceptional ewer and cover from the Qianlong period (c. 1750), Han and Tang pottery, Mughal textiles, Indian tribal art and materials from ancient Bactria.

"The dealers may be doing this for their own reasons," observes Sajid Rizvi, managing editor of the London publication *Eastern Art Report* (www.eapgroup.nordest.co.uk), "but it's bound to help Asian art in the longer run. Asian art has been a good investment, but it is also aesthetically powerful."

The major auction houses in London have also scheduled their autumn sales to coincide with the 12-day event. Sotheby's is holding a week of sales and seminars Nov. 11-19 featuring works of art from China and Japan, as well as a three-day lecture series at Sotheby's Institute on the "The China Circle - The Export of Chinese Porcelain round the World."

While the financial problems in the Far East have led to a decline in those areas of Japanese art collected by the Japanese themselves, such as ceramics, porcelain of the late 17th and early 18th century and sword blades, Neil Davey, the senior specialist for Japanese art at Sotheby's, says: "Other areas of Japanese art, such as netsuke and iro, do not seem to have shown much decrease at all. There is strong international interest for these fields in the United States and Europe. It is a good time to buy."

Chinese as well as Japanese ceramics are expected to attract keen interest from international collectors at a sale being held by Phillips on Nov. 18. A five-piece garniture of blue-and-white Chinese export porcelain dated from 1662 to



Gold funerary mask, Gandharan, c. 4th-5th century, Shirley Day Ltd.

PARIS SALESROOMS' GLITTERING PRIZES

Paris is an established center of Asian art, as current auctions and shows testify.

This autumn three important sales of Asian art are to be held at the Hotel Drouot in Paris. Commissions-priseurs Picard Audap Solaner & Associés (Piasa) are holding the sale "Art of the Far East" on Nov. 13 at the Drouot Richelieu. It features Chinese ceramics from the Tang, Song, Kangxi, Qianlong and Yingtzheng periods.

The sale also includes Japanese ceramics, bronzes, wood sculptures, furniture, paintings, textiles, carpets, ivories, iro and tsuba, stamps and albums and netsuke in both ivory and wood.

A multicolored satsuma bowl decorated with children and flowers, signed "Kyoto Yozan," is expected to fetch up to 12,000 francs (\$2,180).

A round pair of satsuma vases with flowers and geometrical motifs carries an estimated price of 6,000 to 7,000 francs.

Jacques Tajan, along with expert Lucien Arcache, will be offering "Islamic and Oriental Art and Orientalist Tableaux" on Nov. 18 and 19 at Drouot. An array of 19th-century glass objects d'art from Ottoman Turkey and from Shiraz in Persia are being offered, along with Persian ceramics from the 10th to the 14th century, manuscripts, arms, metalwork, furniture, textiles, jewelry and porcelain sculptures.

An important carpet from Khorasan, is estimated at 150,000 to 200,000 francs. An Orientalist work by J. Cruz-Herrera of the Spanish

school, "Two Sisters Outside Rabat-Sale," is expected to obtain a price of up to 150,000 francs.

The Kevorkian gallery's sales on Dec. 10 and 11 will include Asian antiquities as well as Islamic art, Orientalist works and a library from Armenia.

An exceptional figure of a carved reclining lion from Bactria (Afghanistan), dated around 2500 B.C., carries an estimate of 400,000 to 600,000 francs.

Paris is also the site of many museum exhibitions featuring Asian art this fall. Among these is "Treasures of the National Palace Museum, Taipei - Empire Memories" at the Grand Palais until Jan. 25. The show is made up of more than 250 works (jades, bronzes, ceramics and objets d'art) and 106 paintings and calligraphy pieces that were banded down from emperor to emperor from the 10th to the 18th century.

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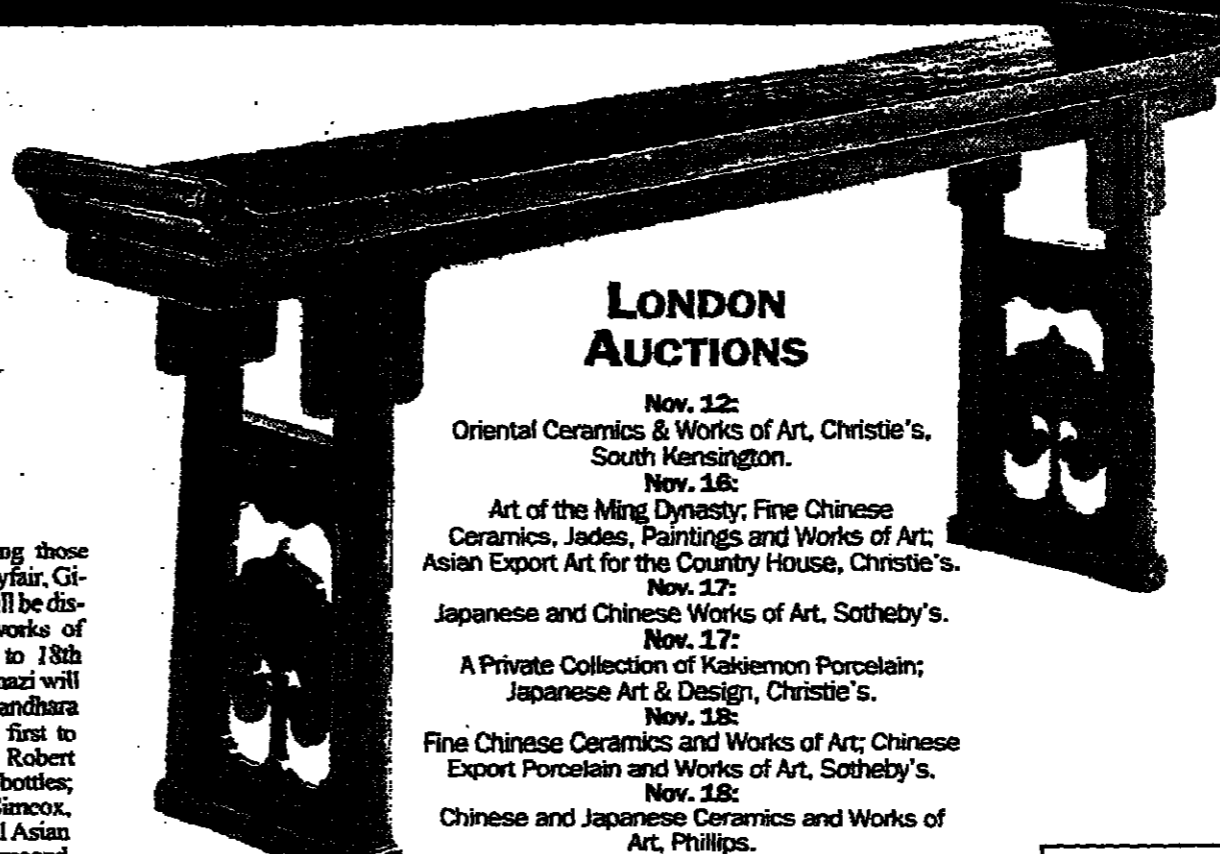
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17th-century cedar wood altar table from the Christopher Cooke gallery; Chinese enamel plaque at Phillips.



LONDON AUCTIONS

- Nov. 12:
Oriental Ceramics & Works of Art, Christie's, South Kensington.
- Nov. 18:
Art of the Ming Dynasty: Fine Chinese Ceramics, Jades, Paintings and Works of Art; Asian Export Art for the Country House, Christie's.
- Nov. 17:
Japanese and Chinese Works of Art, Sotheby's.
- Nov. 17:
A Private Collection of Kakiemon Porcelain; Japanese Art & Design, Christie's.
- Nov. 18:
Fine Chinese Ceramics and Works of Art; Chinese Export Porcelain and Works of Art, Sotheby's.
- Nov. 18:
Chinese and Japanese Ceramics and Works of Art, Phillips.
- Nov. 19:
Japanese Works of Art, Sotheby's.
- Nov. 20:
Far Eastern Ceramics and Works of Art, Bonhams.

1722 is expected to fetch 15,000 to 20,000 pounds (\$24,000 to \$32,000).

Christie's South Kensington's sales include "Satsuma," on the morning of Nov. 24, followed in the afternoon by "Oriental and Islamic Costume and Textiles." Christie's King Street will have an important auction devoted to Chinese works of art from the Ming dynasty on Nov. 16, followed by a sale of Japanese art and design on Nov. 17. Bonhams' sale of Oriental art will take place on Nov. 20.

Ceramics on display
One of the undoubted highlights of the period, however, will be an exhibition of "100 Masterpieces of Imperial Chinese Ceramics" at the Royal Academy in Piccadilly from Nov. 17 to Dec. 20. Collected during the past 25 years by Au Bak Ling, the founder president of the Hong Kong Educational Publishers Association, most have never been on public display before.

Other important exhibitions are being previewed by the Victoria and Albert Museum (V&A), the Brunei Gallery and the British Museum. Special study days will be offered at the Percival David Foundation of Chinese Art in Gordon Square, which has one of the world's finest collections of ceramics from the Song, Yuan, Ming and Qing periods. A gala dinner, with guest speaker Queen Noor of Jordan, rounds off the 12-day event at the V&A on Nov. 20.

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19th NOVEMBER - 28th MAY 1999

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Style

Spring '99 in New York Borrowing From the World of the Sportsman

By Robin Givhan
Washington Post Service

NEW YORK — The mantra for designers showing their spring '99 collections here this week is: utility. John Bartlett creates skirts that can be customized thanks to hand-sewn hooks, and Patrick Robinson champions the versatility of such workhorse materials of American style as distressed leather, bandannas and gingham. Even Ralph Lauren, who has always been able to make eloquent arguments for sumptuous — even functionless — luxury, has taken up the banner.

Utility does not so much refer to the clothes themselves, however, as to the concept of borrowing shapes and fabrics from the world of sportsmen and laborers. Lauren may be showing the sort of hooded poncho that a police officer might wear while walking a beat on a rainy day, but this designer outerwear is silk. Bartlett's wader pants — something akin to what a fisherman might wear while slogging through a stream — are silk. The shape of Michael Kors' anorak may have been inspired by backpackers, but his version is silk taffeta.

In many ways, utility-dressing is simply the latest way to describe clothes that American designers have always created with aplomb. They are uncomplicated in their design. They do not attract attention by breaking the rules of dressmaking or tailoring. Instead, they are secretly luxurious. They blatantly refuse to spell out the wearer's wealth.

Lauren's collection unfolded like a series of vignettes: There was the desert saga, a series of nubby oatmeal-colored sweaters and flax linen trousers and skirts; then the military story, with sand-colored flight jackets, silk work pants and ponchos; and then a young-socialite tale with fitted white suits, pink cashmere camisoles, mint green coats and trousers, and ivory organza dresses.

In many ways, it was a presentation that seemed fine-tuned for the eyes of retailers rather than to make a powerful statement of his point of view for spring. This was a collection of pieces — a great blouse here, an interesting pair of trousers there. How the items worked together was less clear. It also was unclear where Lauren's own passion lay. And no matter how large this public company may be, when the collection appears on a runway, it should immediately return to something personal and intimate. This collection felt like a series of cogs and widgets rather than the personal and passionately created work of the man whose name it bears.

Michael Kors presented a collection that blended the unlikely combinations of hunter green and safety orange, taffeta and canvas, anoraks and sequins. And in the hands of Kors it was an easy, comfortable fit. The collection was inspired by sailing, camping, NASA, barbecues — all iconic American images. He used olive taffeta for his anoraks, short-sleeved shirts and cropped trousers. He paired olive sweaters with bold orange canvas skirts. Zip-front canvas pullovers topped slim walking shorts.

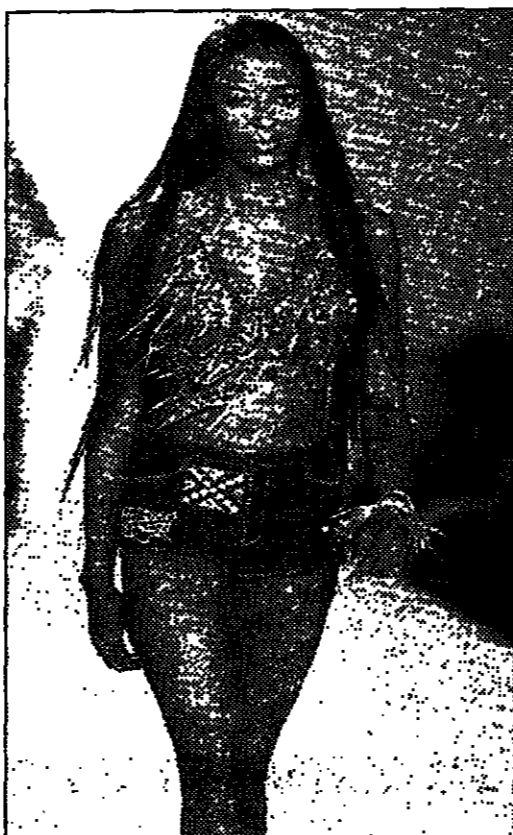
John Bartlett presented his women's wear collection. And instead of a multi-layered thesis describing his inspiration, he offered a simple explanation of his goal: to create clothes "with multiple personalities." Much of his goal involved creating dresses and trousers that could be lengthened or shortened by manipulating a series of hooks. There also are foundation straps that can be used to transform a loose-fitting jacket into a body-hugging one.

His was a lofty goal, but ultimately this collection did not succeed. Still, in the process of experimentation, there were some successes. Bartlett's cropped trousers with sheer insets offer a different version of the now-ubiquitous work pants. His pale pink overcoat has giant patch pockets that can be divided into compartments. His swimwear has pockets for storing a key or cash. A camisole is covered in peacock feather.

The garments in this collection often look their best when they are not trying to do too many things or satisfy too many tastes. And Bartlett is at his best when his clothes boast a singular personality that evokes multiple emotions.



Geoffrey Beene's reveal-or-conceal spiral zippers on dress and jacket.



Anna Sui's feathered and beaded top and blanket-stitch denim hot pants.



Oscar de la Renta's scalloped A-line skirt and fitted jacket.

The Hunt Is On For Runway Genius

By Robin Givhan
Washington Post Service

NEW YORK — Every industry needs Young Turks. The sports world clamors for swaggering daredevils. Technology thrives on its trash innovators. And the fashion industry built its reputation for glamour and daring on the work of talented young designers hungry to break into the big time.

This city is desperately in need of such a star.

The recently announced closing of designer Isaac Mizrahi's business was the first stunning blow. Then came the follow-up punch: Todd Oldham's decision to close his signature line.

The week of shows for spring '99, already anticlimactic thanks to the decision by Donna Karan, Calvin Klein and Helmut Lang to present their collections in mid-September, had an air of desperate searching for that most elusive thing: the next big breakthrough.

Perhaps it will be Marc Jacobs. He certainly has settled into the role of a focused young designer, undistracted by the allure of film roles and television deals. For spring, he offered full-legged trousers in a silvery blue with back flap pockets and navy ribbons at the hem. His blouses have cap sleeves and delicate tucks. Full skirts were edged in narrow ruffles. There were sculptural dresses in white covered in a sheer cage of black tulle. Sweet lilac dresses have short, girlish sleeves. Some dresses and skirts have scalloped hems as if these garments had been plucked from some fairy tale full of smiling flowers and graceful trees.

The collection that Hussein Chalayan presented for Tse New York was a study in balance. Like perfectly constructed mobiles, his asymmetrical jackets hang on the body. Sculptural dresses are given interest with delicate creases at surprising angles. Dove gray trousers have T-shaped slits at the knee. Translucent black shells have sheer kangaroo pockets.

Meanwhile, the old guard carries on. Geoffrey Beene once again presented a collection filled with complicated tricks of tailoring and dressmaking and yet draped the body effortlessly. The collection included jersey dresses in sherbet colors with trompe l'oeil collars and asymmetrical waistlines. Other dresses had slits along the shoulder blades, creating the illusion of butterfly wings. Day suits featured above-the-knee skirts with matching jackets that had intricately cut collars that emphasized the delicacy of the collarbone. Beene used hardware to taunt the eye. A midnight dress had an industrial zipper that runs up the side of the frock and swirls across the back of the dress.

Carolina Herrera's collection had an aggressive youthfulness that was almost unnerving. There were flat-front black trousers, pale pink leather shifts, pale gray dresses with languid cowl collars lined in lilac satin. There were fuchsia leather halters, puffy party dresses and fistball helmets.

Oscar de la Renta's collection was an aesthetic tug of war. The clothes were alternately filmy and delicate or stiff and ostentatious. For day, there were beautifully embroidered silk skirts and narrow trousers. Jackets had patch pockets tilted back at a sporty angle. And there were evening dresses in lovely pastels and topped with sheer jackets. But there were also billowing coats in candy-striped aqua. A black taffeta ball gown had a spiked train that made the model look as if she were dragging a charred dragon behind her.

Watching the presentation by Bill Blass provided a lesson in survival techniques. Blass and his design team have distilled the company's aesthetic down to its essence: sophisticated, feminine American sportswear. His pale-pink schoolgirl dress, with its pleats and low waistline, has an air of sweetness and charm. But his fitted jackets and short skirts in shades of gray, tan and caramel address the needs of the business day and the professional woman. His evening dresses are glamorous sheaths beaded or with an asymmetrical cut.

Richard Tyler canceled his show and presented his spring line with personal commentary and explanation in his Gramercy Park town house. Of course, the decision to cancel the show immediately sparked rumors that the business was teetering on the edge of failure. But Tyler insists that the private company's sales are strong, particularly in evening wear.

For spring, Tyler returned to the soft and sexy clothes that have made him a favorite among Hollywood starlets. For fall, he had ventured into a more aggressive silhouette, with wide-leg trousers and stiffer fabrics. It was a bottom-heavy collection, Tyler says, and "no one wants to wear something that makes them look as big as a house." The collection he presented was notable for its white shirt's tooth beaded shift, an ornate peasant blouse — created from embroidery, beads and peacock feathers — a gray halter adorned with metallic paillettes, hot pants and fitted leather fencing jackets.

Anna Sui's collection was filled with references to hippie Americana, Technicolor Morocco, Mexican flower children and groupie glamour. But on the runway, the embroidered hot pants and holographic ruffled trousers look sharper. For spring, Sui is all-armed of the billowing dresses of hippies, the cotton lace in traditional Mexican attire, the moody colors and patterns of Morocco as used in her printed silk skirts and camisoles.



Marc Jacobs's smocked-yoke sleeveless silk dress.

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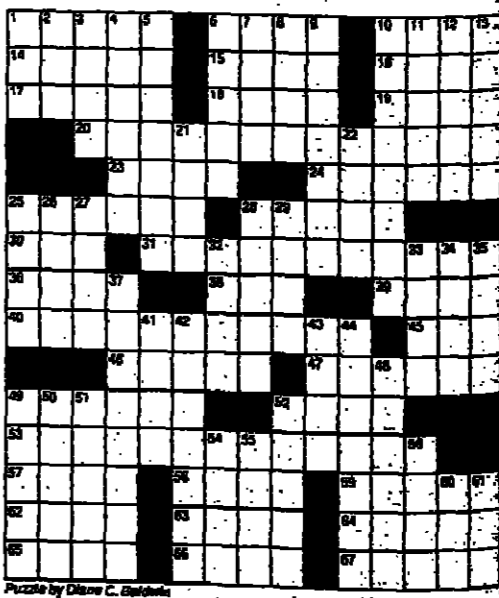
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Empty Kazakhstan Vote

One of the candidates in Kazakhstan's presidential elections in January claims to be clairvoyant, but anyone can predict that the winner will be the incumbent, Nursultan Nazarbayev. Mr. Nazarbayev is a thinly disguised dictator who stages elections he has no chance of losing. Few Western leaders complain, because he is seen as the guarantor of stability in an oil-rich nation.

Mr. Nazarbayev was initially one of the more democratic of the Central Asian rulers, but since 1995 he has steadily expanded his powers. A compliant Parliament recently passed constitutional amendments extending the presidential term from five years to seven and lifting term limits.

Mr. Nazarbayev has been jailing political opponents on libel charges and last week kicked his leading opponent, former Prime Minister Akezhan Kazhegeldin, off the ballot on a technicality. Mr. Nazarbayev has also been shutting down the country's few independent newspapers. Television is controlled by his daughter.

American officials raise such issues with Mr. Nazarbayev when they visit, and call democratic development an important U.S. goal in the region. But

oil takes precedence, as Kazakhstan's proven oil reserves alone come to 10 billion barrels. Mr. Nazarbayev controls these contracts and provides stability in a region where fundamentalist Islam is growing. He has been received warmly by President Bill Clinton.

Kazakhstan's democratization is not a priority for Washington, and Mr. Nazarbayev knows it.

This is not only wrong, but also shortsighted. The absence of accountability in Kazakhstan has allowed corruption to thrive. It is beginning to interfere with foreign investment, as officials have arbitrarily revoked or renegotiated contracts. Corruption is also helping to wreck the economy. Powerful businessmen have blocked needed economic reforms, such as bankruptcy laws. Kazakhstan cannot pay wages or pensions on time.

No one expects Central Asia to become a haven of democracy overnight, but the region has built virtually no democratic political institutions under its current leaders. Mr. Nazarbayev's speeches promise fair elections and a free press. The West should hold him to this, starting with the restoration of Mr. Kazhegeldin's right to challenge him.

—THE NEW YORK TIMES.

The CIA's Secrecy Habit

No single case tells more about how the CIA is dealing with its old Cold War habits than that of Jose Maria Reyes Mata. He was the Communist guerrilla leader who was leading comrades back to his native Honduras in 1983 from Nicaragua, then left the CIA, which is alleged to have trained and supported the military intelligence unit that did him in, is going to disclose all relevant information about this affair, which is at the center of Honduras's brave attempt to confront past uses and abuses of secret power.

For some years, the Honduran human rights commissioner, Leo Valadez, has been investigating about 180 "disappearances," some of them presumably brought about by the U.S.-backed Honduran security forces. Mr. Reyes Mata became the leading case because of the commissioner's pursuit of his paper trail in the CIA.

The trail recently came to a strange place. A heavily censored inspector-general's report on CIA operations in

Honduras said that the guerrilla leader indeed had been captured and executed. But he held back the killer's identity, or rather, he held back his name but tacitly offered clues to use in hunting him down. The idea is to preserve the agency's traditional position on protecting agents and sources but at the same time facilitating the human rights inquiry.

A neat trick if you can do it. But it looks more like a compromise that shows the CIA still has a way to go to break its habit of secrecy above all. Disclosure of the identities of old agents may perhaps hinder recruitment of new ones. But disclosure—15 years later, to a struggling democratic government—serves the purpose of rebuilding a society, as disclosure legislation narrowly defeated in the Senate in September—contended.

In this age of pervasive terrorism, moreover, it is hard to argue that any agent should be recruited on a word or a wink and be given the license to kill.

—THE WASHINGTON POST.

Act 2 for Republicans

Newt Gingrich's decision not to seek re-election as speaker brings an extraordinary career in the House of Representatives full circle. He came to prominence as the leader of a successful fight to oust another speaker, Jim Wright, a Democrat, on ethics charges. He subsequently shouldered aside or helped hasten the exit of Bob Michel, a middle-of-the-roader, as Republican leader, led his party to its stunning victory and continuing control of the House in 1994, and himself became the object of a serious ethics inquiry that led to his formal reprimand by the House in 1996.

The adept insurgent never seemed fully comfortable with the grind of governance. As speaker, he talked too much; in the course of the talking he went off on too many tangents and was regularly outmaneuvered by President Bill Clinton.

But the Republicans make a huge mistake if they ascribe to Mr. Gingrich all or even the preponderance of their recent troubles. Plainly he, and the rest of the Republican leadership of both houses, made mistakes in positioning the party for the last campaign. But the difficulties the Republicans face have to do with more than faulty tactics. They go to doctrine, to the philosophy that animates the conservative wing of the party particularly. It is, in many ways, myopic; it does not match reality, yet it is fiercely clung to. The insistence upon it makes it all but impossible for the party to govern.

The Republicans, including Mr. Gingrich, want to give large tax cuts, but not, of course, at the expense of responsible fiscal policy. So they have to find spending cuts to match, which they suggest can easily be done, given their view of government as vastly overgrown. But it turns out not to be that easy. The Republicans themselves flinched from naming sufficient spending cuts this year and forced their Budget Committee chairman, John Kasich, to withdraw—as too inflam-

matory—even a list of possible cuts that he had prepared. They ended up trying to pass a tax cut without financing it; the Senate rightly refused to go along, and for the first time in 24 years the process of writing a congressional budget resolution broke down.

Mr. Gingrich's critics likewise abhor what they have convinced themselves is excessive federal regulation, but they do not want to be accused of having abandoned the goals the regulations support—clean air, clean water, reduced tobacco consumption, campaign-finance reform, managed-care reform, you name it. The critics denounce the leadership in part for a paltry legislative record that their own reluctance to legislate, in some cases, helped to form.

The believers denounce the intrusiveness of the federal government in people's lives, but not all such intrusiveness. They are willing to attach abortion bans even to legislation to pay the back dues that Washington owes the United Nations. The leadership has to struggle to extract enough money to preserve U.S. voting rights in the UN. This is a party with strong beliefs about what government should not do. Its views of what government should do are less well developed. It is not comfortable with the mildly redistributionist tendencies of many federal programs. It aspires to control of the government in order to reduce its influence, size and cost.

Maybe once a generation that is a worthy platform on which to run. But as a permanent platform it is destructive of the institution it seeks to reform. If in fact the Republicans suffer from a failure of leadership, it is a failure to underscore this point across the entire span of party membership and to develop a second act. Mr. Gingrich's greatest problem may have been that so many of his followers continue to believe in the slogans that he and they rode to office.

—THE WASHINGTON POST.

Gingrich, a Pragmatic Ideologue, Knew When to Go

By E. J. Dionne Jr.

WASHINGTON — The speed with which Newt Gingrich decided to lay down his political life was a shock, but it was not surprising in light of Mr. Gingrich's own history.

Whatever his failings, Mr. Gingrich always understood power — its acquisition and the way it can be easily lost. He always was ready to seek power and to push people out of his way if he had to. So he may have been hurt when his one-time friend, Representative Bob Livingston of Louisiana, announced Friday that he would lead a coup against the speaker of the House. But Mr. Livingston was only operating from the Gingrich playbook.

Exactly 20 years ago Mr. Gingrich told a group of college Republicans that their party suffered because they had been encouraged "to be neat, obedient, and loyal and faithful and all those Boy Scout virtues which can be great around the campfire but are lousy in politics."

"You're fighting a war," he declared. "It is a war for power."

As soon as he stepped down Friday, all the Republicans who were stabbing Mr. Gingrich in the back in the name of that war suddenly discovered his virtues. Without Mr. Gingrich, they said,

Republicans never would have taken over the House. Yes, indeed, he was a visionary. The nostalgia had begun.

My hunch is that Mr. Gingrich knew that this would happen. The best way of leaving himself a political opening for the future was to get out of the way of the long knives and see how those he had characterized as "cannibals" and members of the "perfectionist caucus" would fare without him.

There are multiple ironies in Mr. Gingrich's fall, and that he and not President Bill Clinton is the first victim of the Monica Lewinsky scandal is only the most obvious. Mr. Gingrich's reputation was that of an ideologue. But he was always a pragmatist who saw the political uses of ideology. That created his core problem in leading the House.

When he was seeking power, Mr. Gingrich championed the frustrations of his party's fervent conservatives. He opposed his own party's president, George Bush, when Mr. Bush acquiesced to Democratic demands for tax increases in 1990. Conservative ideologues fell in love with him then.

But Mr. Gingrich was never as ideological as they were, and when new circumstances demanded a new strategy, he was prepared to move. After Mr. Clinton routed the Republicans in the government shutdown of 1995, Mr. Gingrich became more pragmatic in his dealings with the White House, and his base within the Republican Party shifted from the ideologues to the moderates.

Mr. Gingrich was thus left with the worst of all possible worlds: Democrats could use him as a symbol of the Republican far right with the public, but the right within his party caucus no longer trusted him.

Mr. Gingrich showed he was willing to learn new lessons: He touted the Bush brothers, George and Jeb, as pointing the way toward a new Republicanism that might achieve the tax cuts so many Republicans want, but in a way that took government seriously and unified rather than divided a potential majority. But by then, it was too late for yet another strategic move.

Many of Mr. Gingrich's Republican critics say, rightly, that the congressional leadership bet too much on the Clinton scandal. As a result, they had

no coherent program to offer voters. The irony is that many of these ardent conservatives were also the ones who believed devoutly that the public would embrace their effort to oust Mr. Clinton. They are now criticizing the party, and Mr. Gingrich, for pursuing the very course they set.

The ouster of Mr. Gingrich will hurt Republicans if it allows them to pretend that they do not have to address their core problem. Republicans misread the meaning of their 1994 victory. The public does not fully trust government, but does not hate it either.

Voters want government to solve problems in education, the environment, child care and health care. Republicans did not lose last Tuesday because they presented their message poorly — the message does not work. Republican governors seem to know this. Will the new leaders in Congress face up to it?

Mr. Gingrich had his great strategic moment in 1994, seeing things that others did not. You wonder if his successors will have that much to brag about. A Newt Gingrich plotting a Churchill-style comeback is no doubt asking the same question.

The Washington Post.

Offshore Havens Undercut the Honest Market Players

By Robert M. Morgenthau

NEW YORK — What are the five largest financial centers in the world? Many will name New York, London, Tokyo and Hong Kong. But how many will guess the fifth? It is the Cayman Islands — or so, at least, its government claims on its Web site.

It is certainly the case that huge companies — including hedge funds like Long-Term Capital Management — have made the Caymans their nominal home. And bank regulators in the United States have confirmed that bank deposits on the islands now total about \$500 billion, twice the amount of four years ago and more than the amount on deposit in the New York Federal Reserve District. That is about \$14 million for every man, woman and child in the Caymans.

The financial community there consists of 575 banks and trust companies. More than 20,000 corporations are chartered on the Caymans.

What draws so many capi-

talists to so unlikely a spot? Secrecy, for one thing. In the United States, capital markets are regulated by requiring transparency in financial dealings. The Caymans, by contrast, have no such openness, no time-consuming restrictions on the pursuit of wealth. With respect to regulation, the Caymans have won the race to the bottom.

Take, for example, Long-Term Capital Management, which had to be bailed out this year. The fund's basic operations are conducted in Connecticut, but it is chartered in the Cayman Islands.

The fund kept the details of its borrowings and investments secret — a result not obtainable where there must be concerns for the curiosity of regulators.

The results were disastrous. No one knew the absurd extent to which Long-Term Capital's confident superstars were leveraging their assets — until the bubble burst.

The Caymans' financial secrecy laws make it easy to hide suspect dealings. It is now well known that the Bank of Credit and Commerce International, whose collapse in 1991 was the biggest banking scandal in history, took advantage of those laws. Beyond the assistance they lend to criminals, secrecy laws aid reckless acts by high-rolling entrepreneurs.

But in fact, most of the "offshore" Cayman banks are run not from the islands, but from New York. Amazingly, the Cayman government Web site itself boasts that, of the 575 banks and trust companies "based" in the islands, a full 106 actually have a physical presence there!

Resort to these institutions is a simple charade. What would happen if a determined U.S. bank inspector flew to the islands and demanded to see the books of one of these institutions? He would be arrested. It is the law.

There is yet another explanation for the remarkable blossoming of financial institutions in the Cayman Islands. The islands have no income tax, no capital gains tax, no value-added tax, no sales tax, no inheritance tax and no tax treaties. Sophisticated Americans place billions in Cayman investment vehicles such as Long-Term Capital that are carefully structured to reduce tax liability. Citizens of other countries invest billions there so their incomes will be exempt from American taxes.

Commendably, the Treasury Department recently resolved to study ways to keep sham transactions from having an impact on tax liabilities, and the Group of Seven industrialized nations has said that hedge funds should "possibly" be subject to disclosure rules.

But those are only tentative steps. More can be done. The Cayman Islands are a British dependency, and both the gov-

ernor and the attorney general are appointed by the British government. This means Britain can end the laissez-faire practices of the islands. At present, from a financial perspective, the islands are an American dependency. Washington can also stop the offshore shenanigans — for instance, imposing more prudent oversight of lenders doing business with Cayman entities.

The Caymans are only part of the problem. The Isle of Jersey, the British Virgin Islands, Cyprus, Antigua, Liechtenstein, Panama, the Netherlands Antilles, the Bahamas, Luxembourg and, of course, Switzerland all offer "offshore" sanctuary. Until action is taken to eliminate these havens, taxpayers and honest players in the financial markets will be at a very unfair disadvantage.

The writer is the director of attorney of the County of New York. He contributed this comment to The New York Times.

After the War, How to Keep Peace and Rebuild Society?

By Curt Gasteyer

GENEVA — Kosovo has given chance of becoming the next on the list of countries devastated by war with a society in desperate need of reconstruction. With already 400 villages destroyed, thousands of people killed and hundreds of thousands fleeing their home and their country, the task of re-establishing some normalcy is getting heavier every day.

And yet, once the arms have fallen silent, the international community will be faced with the same three questions it has all too often failed to answer before: How to heal the wounds of conflict; how to keep peace; how to rebuild a viable society?

Previous experiences in coping with these three fundamental tasks is hardly encouraging. All too often there were too many helpers and advisers, frequently self-appointed if not self-serving; too little coordination among them, and inad-

equately experience in dealing with seemingly ungrateful recipients of aid, incompetent local bureaucracies and resentful politicians.

These three groups in turn found themselves unable to cope with the unending stream of visitors, all of them wishing to meet with at least one of the new rulers; they were overwhelmed by the multitude of organizations with often conflicting missions and resentful of the innumerable "experts" who seemed to lack understanding of the needs and frustrations of deeply fractured communities.

Neither side in these hectic days of early peacemaking seemed willing or patient enough to recognize that this difficult process can only succeed if seen and treated as a common enterprise of all

parties concerned. The process itself consists of three closely interlinked phases: first, pacification, then, reconstruction, and, finally, reconciliation. They form a whole. None will do on its own.

However logical such a triptych may seem in theory, it is not in practice. An experimental international project involving four war-torn societies — Eritrea, Mozambique, Guatemala and Somalia — calls for profound reforms in the ways international aid is given and cooperation with the indigenous population organized. Jointly initiated by the United Nations Research Institute for Social Studies, the War-Torn Societies Project describes methods used so far as widely inadequate.

When faced with war-torn societies, the international com-

munity turned out to be, in the words of the project leaders, "ill-prepared, ill-equipped, inflexible and frequently operating at odds with each other."

A harsh judgment indeed. It is unfortunately borne out by many setbacks, if not outright failures when it came to pacify and rebuild states afflicted by civil war. Cambodia, Angola and the Great Lakes region in Africa testify to this.

As a consequence, the project calls for a double strategy: First, an increased political commitment and willingness to take greater risks on part of the outside world, helped along by closer cooperation between the UN agencies and nongovernmental organizations; and, second, and more importantly, by a more systematic encouragement of the local people to take on greater responsibilities themselves.

Having lived through the ordeal of war and conflict, they are best placed to know the priorities of action, the need of involving all parties into the common endeavor of reconstruction and of the promotion of a sense of joint responsibility for what will be their common future.

All this sounds logical and evident. Experience, however, tells a different story. Several billions of dollars and thousands of international helpers later, we cannot be sure whether many of the failed states, including possibly Bosnia, are lastingly pacified and their rival

parties reconciled. In the four countries under study, the War-Torn Societies Project has at least demonstrated that there are better and cheaper ways to attain both: Eritrea, Mozambique and Guatemala have gone a long and encouraging way toward normalcy; in Somalia there is progress in the North-east, but much remains to be done in the South.

Although external assistance was essential in all cases, the prime impetus came, and still comes, from within the countries themselves. At the same time their experience has led them to project to issue a list of actions that other war-torn countries as well as the international community should take once hostilities have ended.

These actions can be summarized in five principles: profound understanding of local situations and qualified field personnel; flexibility and adaptability of external assistance; new criteria for measuring success; effectiveness and efficiency of external assistance; and, above all, participation of local population.

The test as to whether we learn from past experience, now come in Kosovo. In the light of what the War-Torn Project tells us, there would be little excuse for failing there again.

The writer, professor emeritus at the Graduate Institute of International Studies in Geneva, contributed this comment to the International Herald Tribune.

U.S. Trips on Nuclear-Arms Limits

By K. Subrahmanyam

PITTSBURGH — When the Nuclear Non-proliferation Treaty was unconditionally and indefinitely extended in 1995, only four nations stayed out — Israel, India, Pakistan and Cuba. The international community, and particularly the United States, was aware that the first three were undeclared nuclear weapon powers.

A declassified briefing was given to all U.S. diplomats on the secretary of state's decision to resume normal Ex-Im Bank financing for U.S. exports to China. Dated Nov. 21, 1997, the briefing stated, in part: "We have continuing concerns with respect to Pakistan's unsafeguarded facilities, weapons development and production of unsafeguarded special nuclear materials. We have made our concerns known to the Chinese government."

Subsequently, the United States accepted China's explanation that the transfer of 5,000 ring magnets to Pakistan's unsafeguarded uranium enrichment facilities at Kahuta had taken place without the knowledge of China's central government. On that basis, the secretary of state concluded that there was insufficient evidence to determine that China had willfully indulged in sanctionable activity.

At a meeting between Sec-

retary of State Warren Christopher and the Chinese foreign minister, Qian Qichen, on April 19, 1997, China committed itself not to provide assistance to unsafeguarded facilities. But on Feb. 4, 1998, in testimony before Congress, Robert Einhorn, a nonproliferation aide, said that China continued to transfer missile technology and components to Pakistan, though not missiles. The administration has yet to make a finding on M-11 missile transfers from China to Pakistan that took place in 1993; the transfer was admitted by the interim Pakistani prime minister, Moeen Qureshi, on Aug. 26, 1993.

These developments tend to demonstrate a pattern of U.S. inactivity and unwillingness to deal with the China-Pakistan proliferation for fear of jeopardizing U.S.-China trade ties through mandatory invocation of sanctions.

Earlier, the Chinese transfer of CSS-2 missiles of 2,500-kilometer range to Saudi Arabia was also not vigorously pursued.

Future proliferations are unlikely to occur unless there is active help and support for proliferation activity from nuclear weapon powers and other advanced nuclear-capable in-

dustrial countries, as happened with Iraq and Pakistan.

While the United States has been very flexible in its approach to proliferation issues, as seen by its reactions to Israel, Pakistan and China, it has painted itself into a corner by extending the treaty indefinitely and unconditionally. A new global nuclear approach is needed, which will take into account the existing realities.

The international Pugwash Conference last month suggested a nondiscriminatory set of measures for all eight states that have nuclear weapons.

They include, signing the test ban treaty, participation in the forthcoming fissile materials cutoff treaty, enforcement of nonproliferation compliance on safeguards and dedication to negotiating nuclear disarmament.

In addition, they have advocated nuclear risk reduction measures in regard to weapons and moves toward an international treaty on no-first-use on the model of the Geneva Protocol of 1925 for chemical weapons.

This would be an effective nonproliferation program.

The writer, a consulting editor to the Times of India and an analyst of strategic and nuclear affairs, contributed this comment to The Washington Post.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1898: Felonious Cure

LONDON — The result of the insect on the body of Mr. Harold Frederic, terminating, as it did, with a verdict of manslaughter against Mrs. Mills and Miss Kate Lyon, created a sensation. Kate Lyon, created a sensation. Mrs. Mills, described as a Christian Scientist, are both being charged with feloniously killing and slaying Harold Frederic by neglecting to supply him with proper treatment and medical attendance. It was difficult to realize in the enlightened days of the nineteenth century that sensible and intelligent people would lend themselves to such an absurd course of procedure.

1923: Dry Beer

NEW YORK — Starting a country-wide campaign to shut up the breweries, Federal prohibition enforcement officers mobilized in Philadelphia and

seized twenty-six breweries in this city and near-by district. All the beer in the plants was seized. The action taken further emphasizes that the Federal government, stirred to action by Mr. Henry Ford, is determined to make the country bone-dry and with apparently better prospects now than ever before.

1948: Palestine Truce

PARIS — Dr. Ralph J. Bunche, United Nations acting Palestine mediator, asked the Security Council yesterday [Nov. 9] to begin efforts to translate the Palestine truce into an armistice looking toward permanent peace. His suggestions, presented in the form of a draft resolution, asked the Council to call upon the Jews and the Arabs to do the following things: To undertake through the good offices of Dr. Bunche to settle all outstanding problems in all sectors of Palestine.

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OPINION/LETTERS

Republicans Should Heed The Call for Fresh Faces

By William Safire

WASHINGTON — In the 1920 presidential campaign, the Democratic ticket was James Cox and young Franklin Roosevelt. The Lanesque call to vox populi, the voice of the people, was in this doggerel:

Cox and Roosevelt/ Roosevelt and Cox/ You tell 'em, populi/ you got the vox.

That Mr. Cox did not make it. Neither did the new one, Representative Christopher Cox of Southern California, who for one brief shining moment was the dark horse candidate to succeed Newt Gingrich as speaker of the House.

Mr. Gingrich is a figure I vainly urged to step down ever since his cockamamie book deal. He belatedly got the voters' message and did the right thing: liberals and Big Labor will miss their favorite punching bag the way hard-line hawks miss Leonid Brezhnev.

That was revealed in the Democratic leader Dick Gephardt's late hit about "the damage that was wrought on this institution" by the man whose job he wanted. It was left to the Atoner Ranger in the White House to graciously bid farewell to a "worthy adversary."

Almost certain to be the new voice of House Republican people is Bob Livingston, who had the moxie and foresight to first challenge the speaker.

The current Appropriations Committee chairman is not the stuff he seems to be on television. At a recent charity roast, he whipped out a harmonica and stunned the crowd with a rendition of "Oh Susanna." If a solid, dependable insider was the new face the Republican leadership needed, Mr. Livingston would be a no-brainer.

What he will need to prove, however, is that he is not merely "not Neat." In the appropriation of power, he will also have to be sensitive to geographical balance: The notion of a man from Louisiana joining Trent Lott of Mississippi in the congressional leadership places too much faith in the Land of Lotteries, Casinos, Riverboat Gambling and High Moral Dudgeon.

But as this is written, that Congressional Delta Force is wrapping up the speakership.

House chairmen successfully teased on members to "re-up" to freshen old commitments to the Mr. Livingston they know

— rather than turn to a corner before his time has come.

That exhibited characteristic supercaution. Take a quick look at the challenger who so quickly folded: Mr. Cox was a White House counsel in the Reagan years from California, the biggest state, now a wholly owned subsidiary of the Clinton White House and desperate for Republican hope.

Chosen to head the Select Committee investigating the Asia connection to fund-raising and espionage, he impressed even endangered Democrats with a low-key, fair-minded approach.

Mr. Cox is the sort of personality the Republican Party requires as one of its spokesmen in the long year before the presidential candidate takes over: reasonable, intellectually able to marshal arguments on tax reduction. What did he get in return for not making a fight for the speakership? His Republican Policy Committee will probably get a larger staff. That is not much, but when national security becomes an issue, he will have a stronger voice in the upcoming missile defense debate.

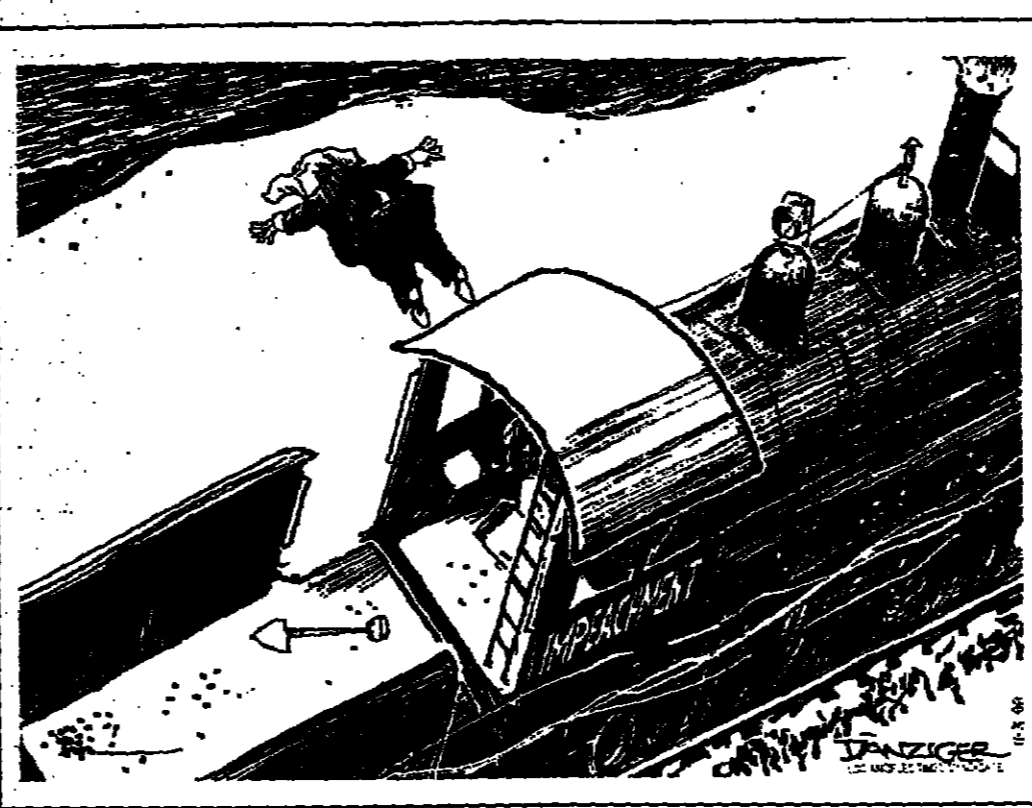
Mr. Livingston, the putative speaker, is not someone Democrats will be able to demote or roll, as they did Mr. Gingrich. He is probably better positioned than anyone to wheel and deal with Democrats. Will he be a meekable speaker, ineffective in achieving conservative legislation with the Senate, thereby helping presidential candidates in 2000 keep the House in Republican hands? Hope for surprises, but don't expect miracles.

Below the speakership, the election of leaders next week should offer Republicans a chance to make a new start. Why isn't Jennifer Dunn, the Washington representative, more ambitious? Why not elect the telegraphic and principled Oklahoma representatives J.C. Watts and Steve Largent to leadership positions?

The infusion of new energy near the top will be Speaker-apparent Livingston's first major test. This week, Republican voters should tell him, through their representatives in Congress, that a reshuffle of old faces is not enough.

If you want new hands at the helm with constructive, conservative ideas, then tell 'em, populi. You got the vox.

The New York Times



LETTERS TO THE EDITOR

Getting the Message

It is disingenuous of the Republicans to claim that they did not have any message or were unable to communicate it to the American electorate. The fact is that the Republican message was clear, and it was loudly communicated. More importantly, it was also soundly rejected across the United States at both the local and state levels.

The Republican Party message is out of sync with a vast majority of the voting and nonvoting public. Poll after poll says, "Run the affairs of the nation, stop running investigations." The people have spoken likewise in the most important poll of all, the ballot box.

STEVEN HOWARD, Singapore.

William Safire ("What the Right Should Learn From the Election," *Opinion*, Nov. 7) is mistaken if he thinks the election results actually mean that women were "condemning Mr. Clinton's conduct."

JANE GREY, Paris.

Regarding "Tag-Team Winners: Pro Wrestler and Campaign Finance Law" (Nov. 6): The reformist campaign finance laws of Minnesota that helped elect Jesse (The Body) Ventura, former

Getting the Message

professional wrestler, former action-movie actor and former radio shock jock, as governor should become the law of the land.

These laws are the best means by which American voters can bypass the Republican and Democratic wings of a one-party system and elect leaders such as Mr. Ventura.

HARRY S. SCHNEIDER, Neuss, Germany.

A Prophetic Answer

In 1987, when Anwar Ibrahim was education minister of Malaysia, he came to speak to my colleagues and me at an extension campus of an American university near Kuala Lumpur.

"We've been having some complaints from students," he said, "but we didn't want to make a big deal about them. We prefer to expose them to different viewpoints, to open their minds."

Then he became very serious and pointed, and his manner was clearly protective. He spoke slowly, gesturing with his index finger to drive the point home: "But be very careful."

I felt as if he were talking directly to me, because in my English debate classes I had been openly critical of Prime Minister Mahatir bin Mohamad and had encouraged my students — who

were all Malays — to analyze his policies and statements from multiple perspectives, and not to believe everything the local, state-controlled media disseminated.

My initial 15-month contract with the university was not renewed, although I am not sure it was because of my outspoken debate classes. But I am sure of one thing: Mr. Anwar's warning was both prophetic and, in hindsight, ironic.

SCOTT SOUTH, Dubai, United Arab Emirates.

On Overpopulation

Regarding "Why Thousands Die" (Editorial, Nov. 5): Poverty is not the cause of the environmental degradation leading to all those deaths from the hurricane designated Mitch. Those people did not denude the hillsides, clutter the flood plains and encroach on the volcanoes because of poverty. They did so because there was not enough good land to go around.

If, as the editorial suggests, these countries try to develop their way out of the problem, while ignoring unbridled population growth, the Mitch catastrophe will be small stuff compared to what is coming.

HERMAN ARCHER, Ankara.

Giving Thomas Jefferson The Starr Treatment

By William Raspberry

WASHINGTON — After nearly two centuries, Thomas Jefferson's secret is out. DNA tests appear to prove what until now had been dismissed as slanderous gossip: that Jefferson had at least one illegitimate child by one of his slaves, Sally Hemmings.

If Kenneth Starr had been around to interrogate the great man on this indiscretion, the session might have gone something like this:

Starr: Let's get this clear from the outset. I have a job to do. It has

Jefferson: I hold it that a little now and then is a good thing. Starr: I'll take that as an admission that you knowingly and repeatedly had illicit sexual relations with your slaves, thereby violating ordinary human decency and probably the statutes against sexual harassment — hostile work environment, that sort of thing. How could you do such a thing?

Jefferson: The pursuit of happiness.

Starr: Was Sally the only one, or were there other slaves with whom you had affairs?

Jefferson (biting his lip): Whenever a man casts a longing eye on them, a rottenness begins in his soul.

Starr: So why have you seen fit to deny and obfuscate and cost the taxpayers all this money and the electorate so much agony?

Jefferson: He who permits himself to tell a lie once finds it much easier to do it a second and third time, till at length it becomes habitual; he tells lies without attending to it, and truths without the world's believing him. This falsehood of the tongue leads to that of the heart and in time depraves all of its good dispositions.

Starr: I appreciate the fact that you are — at last — forthcoming. I hope you don't think this inquiry is an unwarranted intrusion into your privacy by the independent counsel ...

Jefferson: When a man assumes a public trust, he should consider himself as public property.

Starr: ... or the press.

Jefferson: Were I left to me to decide whether we should have a government without newspapers, or newspapers without a government (he crosses his fingers behind his back), I should not hesitate a moment to prefer the latter.

Starr: Well, I'm going to leave it to the House Judiciary Committee to determine whether you, shall we say, fornication constitutes an impeachable offense. For now, sir, I just want to say we appreciate the fact that you seem to be facing up to your situation — unlike the other three times we tried to get you to come clean.

Jefferson: This is the fourth?

The Washington Post

MEANWHILE

nothing to do with the fact that you and I are not members of the same party ...

Jefferson: We are all Republicans — we are all federalists.

Starr: O.K., I understand that, although you have rallied against slavery, you own slaves.

Jefferson: All men are created equal: they are endowed by their Creator ...

Starr: Never mind the speech. Do you own slaves? Do you know whether or not you own slaves? Perhaps I could refresh your memory with these bills of sale.

Jefferson: Ignorance is preferable to error.

Starr: I'll take that as a "yes." Now isn't it a fact that you own a particular slave whose name is Sally Hemmings? And isn't it a fact that you have had a long-standing sexual affair with her?

Jefferson: When, in the course of human events, it becomes necessary ...

Starr: For heaven's sake, man, answer the question! Just tell us the truth.

Jefferson: We are not afraid to follow truth wherever it may lead. Starr: Let's just cut to the chase. I have here testimony from — you'll pardon the expression — an unimpeachable source that says your DNA matches the DNA of one of this Hemmings woman's descendants. And before you answer, I'll stipulate that Hemmings is the illegitimate half sister of your late wife, Martha. But the fact is, you don't change DNA by marriage. This male descendant has your DNA. I think any court will accept that as proof of your dalliance. I ask you again: Did you have a sexual relationship with that woman?

BOOKS

THE EVOLUTION OF JANE

By Cathleen Schine. 210 pages. \$24. Houghton Mifflin.

Reviewed by Christopher Lehmann-Haupt

HAVE you ever lost a friend? Jane Barlow Schwartz, the narrator, asks at the opening of Cathleen Schine's witty new novel, "The Evolution of Jane."

Jane has lost a friend, Martha Barlow, her distant cousin. "She had been my best friend for almost a decade, for more than half of childhood," Jane explains, "and then she evaporated, as though she had never really existed at all. Did any one call me, try to console me, try to find a new friend for me? Yet when my husband left me after six months, I was bathed in sympathy and inappropriate blid dates."

When her husband left her, Jane's mother became convinced that she needed to "go abroad" to heal.

"Off you go!" my mother used to say when she pushed me out the door to play, to stop me from moping around the house.

"Off you go!" she said after my divorce. "Off to the Galapagos!"

Why the Galapagos? In her childhood, Jane had been infatuated with Darwin. Like the protagonists of Schine's previous novels ("Alice in Bed," "To the Birdhouse," "Rameau's Niece" and "The Love Letter"), Jane is fascinated with order, and what she had

particularly liked about an illustrated account of the voyage of the Beagle were "pictures of the cabinets used to store specimens, pictures of rows of little bottles and jars and wooden boxes, each labeled in an old-fashioned hand."

She had always wanted to visit the Galapagos, the famous site of Darwin's studies of the origin of species. So she happily accepts her mother's offer of a trip there as her 25th birthday present.

And when she arrives, who turns out to be her tour guide? None other than Martha Barlow, her long-lost childhood friend.

In what follows, Jane worries increasingly about why Martha "had thrown me over, dumped, ditched, cut, cold-shouldered, discarded, shelved, jettisoned and retired me," which she has never understood. On the tour, Martha is friendly to Jane and highly instructive on the Galapagos flora and fauna, particularly as they pertain to Darwin's theories of natural selection. But happy as she is to become reacquainted with Jane, she clearly is not interested in exploring their personal past.

This forces Jane to remember the details of their friendship and to examine them for possible offenses she might have given.

In their families' history, some sort of mysterious feud had broken out, possibly because of the sale of part of the family business. This may explain why Jane's and Martha's parents, although summer next-door neighbors, were politely cool to one another. But the girls had over-

come whatever stood between the families and become virtual twins. Until somehow, somewhere, Jane did something to drive Martha away.

In the Galapagos, Jane feels compelled to understand how the friendship came to an end, just as in her passion for order she has to understand how a unique organism comes into being and what exactly defines a species.

Schine very nearly pulls off a tour de force in which friendship comes to stand for the possibility of transcending natural selection. The characters, especially as bright, strong-willed children, are charming in the way we have come to expect of Schine's writing.

But a degree of strain becomes evident when events are made to illustrate the novel's ideas. Certain incidents seem awkwardly forced. That Jane thinks so little about her former husband that she mentions him only three or four times in passing is hard to believe. And despite all the theorizing about the nature of Jane's and Martha's friendship, one finds it difficult to accept that Jane can never bring herself to sit down with Martha and ask her: "So what happened to us? Why did you stop returning my calls?"

Consistently amusing and provocative, "The Evolution of Jane" remains a great pleasure to read. But it works better intellectually than in the gut, where the best fiction has to make its presence felt.

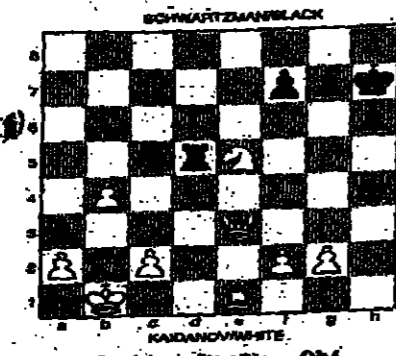
New York Times Service

CHESS

By Robert Byrne

THERE are players who are good at handling complexity and stormy struggles to win but do not show the same skill when playing for a draw. In the game between the grandmasters Gregory Kaidanov of Pittsburgh and Gabriel Schwartzman of Gainesville, Florida, in the United States Invitational Championship in Chandler, Arizona, Black followed a course often used to draw, but it seems his heart wasn't in it and White won handily.

The exchange ... de5 Ne4, introduces the Rubinstein Variation of the French Defense, whereby Black relinquishes his main central stronghold for the sake of bringing about leveling piece trades.



The advance with h4 cannot do White any harm. For one thing, Kaidanov is surely thinking of casting on the queen's side, and for another ... Bg5! would be a serious error in opening the h file for a white rook after 9 h g.

With 12...cd, Schwartzman knocked out the white center pawn, but still, after 13 Rd4, Kaidanov had a lead in development and controlled a preponderance of terrain with his pieces.

On 13 Rd4, Schwartzman erred with 13...e5! He lacked the power to support such an advance, and the result following 14 Rd2 a6 15 Re1 Re8 was that his forces were pinned down to the defense of the enant e5 pawn. Instead, he might have tried 13...a6 with the plan of continuing with 14...b5, 15...Ne5 and 16...Bb7.

In playing 16...Ne5 17 Qe3 Ne4 18 Ne5 Be6, Schwartzman sacrificed a pawn to finish his mobilization and perhaps to get some sort of attack on the enemy king. But after 19 Rd6! Rd8 20 Rd8 Rd8 21 Be6 Qe2 Qd3, all he had earned was a lost pawn-down ending.

Schwartzman could have contained his loss with 22...Qb3 23 ab Ne5 or with 22...Ne5 23 Qe6 Ne6, but he wanted to fight actively and played 22...Rd5, an introduction to complications.

The cold-blooded Kaidanov ripped off a second pawn with 23 Qb7, ready to answer 23...Rd5? with 24 Qa8 Kb7 25 Qe4. He also stopped 23...Re5? by the reply 24 Qb8.

On 31. Ne5, Schwartzman should have played 31...Na4 (32 Qe4? g6 33 Qd5? loses to 33...Nc3) and hoped for some good luck. Instead, he calculated incorrectly in playing 31...Qb4?

If Schwartzman was bluffing, Kaidanov called him on it with the precise and devastating 32 c4!, which avoided 32 b? Qb4, winning outright for Black, put two black pieces on prize and, most importantly, opened a flight square at c2 for the white king.

After 32...Na4 33 Qd4 34 Kc2 Qb2 35 Kd3 Qb5 36 Ke4, the white king was on his way to freedom and Black was decisively behind in material.

After 36...f6, Kaidanov carefully gave back a piece with 37 Kf3 fe 38 Qe4 Kf8 39 Qe5. Once the white king was secure, there was nothing for Schwartzman to play for, and he gave up.

FRENCH DEFENSE			
White	Black	White	Black
1. e4	1... e6	11. Qd2	11... Qd6
2. d4	2... d5	12. c4	12... c5
3. Nc3	3... Nf6	13. Rd4	13... e5
4. e5	4... Ne4	14. Rd2	14... a6
5. Nf3	5... Nd7	15. Re1	15... Re8
6. Bb5	6... Bb7	16. Ne5	16... Bb7
7. Bd3	7... Bb7	17. Qe3	17... Ne4
8. Qd2	8... Qd6	18. Ne5	18... Be6
9. Bb5	9... Bb7	19. Rd6	19... Rd8
10. c4	10... c5	20. Rd8	20... Rd8
11. Qd2	11... Qd6	21. Be6	21... Qe2
12. c4	12... c5	22. Qb7	22... Qd3
13. Rd4	13... e5	23. Qb8	23... Re5
14. Rd2	14... a6	24. Qa8	24... Kb7
15. Re1	15... Re8	25. Qe4	25... Re5
16. Ne5	16... Bb7	26. Qe5	26... Kf8
17. Qe3	17... Ne4	27. Kf3	27... fe
18. Ne5	18... Be6	28. Qe4	28... Kf8
19. Rd6	19... Rd8	29. Qe5	29... Kf8
20. Rd8	20... Rd8	30. Qe5	30... Kf8
21. Be6	21... Qe2	31. Ne5	31... Na4
22. Qb7	22... Qd3	32. Qe4	32... g6
23. Qb8	23... Re5	33. Qd5	33... Nc3
24. Qa8	24... Kb7	34. Qd5	34... Nc3
25. Qe4	25... Re5	35. Qd5	35... Nc3
26. Qe5	26... Kf8	36. f6	36... Kf8
27. Kf3	27... fe	37. Kf3	37... fe
28. Qe4	28... Kf8	38. Qe4	38... Kf8
29. Qe5	29... Kf8	39. Qe5	39... Kf8
30. Qe5	30... Kf8	40. Qe5	40... Kf8

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variant AG
Union
Ciba

Ireland - Crisis



CURRENCY

Continued on Page 21

هو ابن ابي عبد الله

TUESDAY, NOVEMBER 10, 1998

Clariant AG Plans Union With Ciba

Pact Would Create Giant In Specialty Chemicals

Basel, Switzerland — Ciba Specialty Chemicals AG and Clariant AG said Monday that they would join to form the world's biggest maker of specialty chemicals and dyes, with annual sales of \$13 billion.

About 3,000 of the Swiss companies' combined 55,000 jobs worldwide would be lost in the process, saving about \$444 million a year, the companies said.

The companies described the transaction as a merger of equals, but Clariant shareholders would have a 54 percent stake in the company. Clariant shareholders would get 535 new shares for each share they held, and Ciba holders would get one new share for each Ciba share. The swap values Ciba at about \$6.67 billion.

The new company will be called Clariant, but its corporate symbol will be Ciba's trademark butterfly.

"Long-term, the merger is a good strategic move," said Thomas Vonesch, a fund manager at Bank Sarasin & Cie. in Basel. "It's also good for shareholders."

Ciba's and Clariant's shares have slid in price in recent months, but on Monday, Ciba rose 17.75 Swiss francs to close at 144.75 (\$105.73), while Clariant gained 30 to 779.

Specialty chemicals are used to enhance the durability, performance, color and feel of materials in clothes, packaging, household appliances, automobiles and other goods.

The companies said they would have a strong platform for growth in their core businesses of additives and water treatment, cellulose ethers, process chemicals, fine chemicals and colors.

The deal comes amid consolidation in the specialty-chemicals sector, and financial markets have been awash with speculation that the two rivals, both based in Basel, would have to act boldly to flourish in an extremely competitive



The new company is to be called Clariant but to use Ciba's butterfly logo.

environment. The economic crisis in Asia, a key market for the industry, has increased the pressure for mergers.

Clariant was spun off from Sandoz AG in 1996 before Sandoz and Ciba-Geigy merged into the life-sciences giant Novartis. Novartis spun off Ciba last year.

Hoechst AG of Germany will retain its 45 percent stake in Clariant until the transaction is finished, the companies said. "On completion, the participation of Hoechst in the new company will proportionally decrease," the companies said.

Clariant and Ciba said they would take a one-time charge of 800 million Swiss francs in 1999 to reflect the cost of the reorganization. The new company

is to use U.S. accounting standards, paving the way for a "possible" U.S. share listing later, the companies said.

(AP, Reuters, Bloomberg)

BP to Build Chemical Plants

British Petroleum Co. said it planned to invest \$500 million (\$831.3 million) in chemicals manufacturing in Britain to increase the competitiveness of its European chemicals business, Reuters reported from London.

BP said it planned to build plants in Grangemouth, Scotland, and Hull, England, and to create as many as 2,200 jobs at the Scottish site, 900 jobs at Hull and 225 other jobs elsewhere in the chemical industry.

Ambitions Shrink at British Airways

Airline Scales Down Growth Plans as Passengers Pursue Lower Fares

By Tom Buerkle
International Herald Tribune

LONDON — British Airways PLC announced a big scaling back of its growth plans Monday, saying the global economic slowdown was prompting more companies and consumers to switch to discounted air fares.

The announcement coincided with a quarterly earnings report that was worse than most analysts had expected.

The intensified commercial pressure appeared to explain the airline's recent decision to gradually implement its planned link-up with American Airlines rather than press for an immediate, full-scale alliance, which would require major commercial concessions by BA to win clearance from U.S. and European regulators.

"It is more difficult than it ever was" to meet those regulatory requirements, the company's chief executive, Robert Ayling, said in a telephone interview.

British Airways, the largest European carrier, reported that earnings rose to £216 million (\$359.1 million) in its second quarter, which ended Sept. 30, from £153 million a year earlier; a three-day strike reduced pretax profit by £110 million in the year-earlier period.

A more telling figure was the 4.1 percent decline in revenue per passenger, a clear sign that travelers were securing the market for cut-price fares. The drop was particularly significant because it occurred during the peak summer travel season, when airlines seek to increase prices and profits.

Last week, BA reported that first-class and business traffic fell 2.4 percent in October, the first drop after a long period of steady growth in premium-fare traffic.

"They are facing revenue pressure," said Guy Keckwick, an airline analyst at Goldman Sachs International.

"All the growth is coming in the economy cabin. That's a worrying trend for them."

BA shares slipped 1 pence to 404 on the London Stock Exchange. The stock fell more than 10 percent last week after the company announced the drop in premium-fare passengers.

Mr. Ayling called the results "pretty good" in the face of market weakness and said British Airways was taking steps to remain competitive.

He said the airline was ahead of schedule on a cost-cutting program and would achieve annual savings of £600 million by the end of the financial year.

To bolster profitability in the longer term, British Airways said it would expand its capacity by just 2 percent in the coming financial year, which begins next April.

That would be the slowest rate of growth for the airline since Britain was in recession in the early 1990s.

In the first half of the current year, BA expanded passenger capacity by 12.6 percent, and before Monday it planned for an 8 percent increase next year.

The airline is reconfiguring its fleet around smaller aircraft with a higher proportion of premium seats, reflecting a belief that first- and business-class traffic will recover. British Airways is retiring 16 Boeing 747s and replacing orders for some 747-400s with Boeing 777s, which seat about 100 fewer passengers.

"They are curtailing their plans quite significantly," said Declan Magee, an analyst at ABN-AMRO.

Mr. Magee said the outlook remained difficult because of the uncertainty about the extent of the economic slowdown in Britain. Analysts said BA was particularly vulnerable because the global financial turmoil had taken a toll on London investment bankers, who

See BA, Page 14

EU Jobless Rate Slips to Six-Year Low

Decline to 9.9% Raises Hope That Consumer Spending Will Stay Strong

Compiled by Our Staff From Dispatches

BRUSSELS — Unemployment in the European Union fell to 9.9 percent in September, the first time in six years it had fallen below 10 percent, the EU's statistics office said Monday.

In the 11 European countries that will adopt a common currency, the euro, in January, the jobless rate fell to a five-year low of 10.9 percent. In August it was at 11 percent.

In the three previous months, unemployment was steady at 10 percent across the 15-nation EU. In September 1997, the rate was 10.6 percent.

The report lifted hopes that consumers will keep spending, helping to shelter Europe from the world economic turmoil. "Consumer spending is picking up and will help stabilize the euro economy overall," said Joachim Fels of Mor-

gan Stanley Dean Witter in London.

Europe's export industry, which has powered growth for the past two years, is seeing sales and profits fall as recessions in Asia, Russia and Latin America reduce demand for foreign goods. Governments hope the advent of the euro will ease trade within Europe.

Hans Tietmeyer, president of the Bundesbank, said Monday in Basel, Switzerland, that he expected growth in Europe to continue next year, "even if it is not as strong as this year."

Global financial markets have "stabilized in recent weeks," he said after a meeting of central bankers from the Group of 10 industrial nations, and "fear of a worldwide credit crunch has to some extent disappeared, at least in the bigger industrial economies. But we have to be very cautious. Some fragilities are still

there. We will remain vigilant as far as financial markets are concerned."

Mr. Tietmeyer said the central bankers had discussed what international institutions should do to help Brazil. The International Monetary Fund is expected to announce an aid package for that country this week.

Joblessness in Europe is expected to decline at a slower pace in the next few months as export losses deter companies from taking on extra staff. Unemployment in Europe is still about twice as high as in the United States or Japan.

Eurostat, the statistics office of the European Union, said 16.6 million people were unemployed in the EU at the end of September. Luxembourg had the lowest jobless rate in the Union, at 2.2 percent, while Spain had the highest rate, 18.5 percent. (Bloomberg, AP)

Thinking Ahead / Commentary

England's Crisis Is Not About Identity

By Reginald Dale
International Herald Tribune

WASHINGTON — A strange idea is going around that England is suffering an identity crisis now that Scotland, Wales and Northern Ireland are gaining political power at the expense of London, following constitutional changes initiated by the Labour government of Tony Blair.

The idea is nonsense. More than most other races, the English have always been sure about who they are. That is still largely true, even if some commentators in the trendy, increasingly multicultural capital seem to be unaware of it.

But while Scots, Irish and Welsh have often defined their identity in opposition to the dominant English culture, the English have defined theirs, in contrast to Continental Europeans, if not the rest of the world. And the Continent has always meant trouble.

That is where the real characteristics — notably a fierce hostility to foreign interference — that clash with the drive to unite Europe since World War II, in which Britain has been an often reluctant participant.

Even many English people who see the logic of European integration have difficulty putting their hearts in it.

That is why Europe has been such a thorn in the side of successive British governments and has contributed to the downfall of the last two Conservative prime ministers. Mr. Blair knows it can do the same for him.

It is one reason why Continentals rightly question Britain's European



commitment and why the idea of tripartite leadership of the European Union by Germany, France and Britain — a notion revived in some quarters after the recent German elections — will not work. Not only does European integration grate against England's history and culture, but many of the country's leaders, including the supposedly pro-European Mr. Blair, have never really understood it.

He and others seem to believe a positive-sounding speech is enough to establish credentials as a "good European," although true membership in the European club requires action as well as words.

That has never been more true than today, as 11 of the 15 EU members prepare to embark on a single currency, the euro — without Britain — at the beginning of next year.

The euro is the biggest challenge yet

to the British balancing act of the last quarter century, in which the country has participated in the EU while trying to prevent it from developing further toward a federal Europe.

The choice is now stark. Either Britain joins the euro, at the risk of a big loss of national sovereignty, or stays outside, jeopardizing its leadership role in stronger Europe. Yet Mr. Blair is still trying to fudge the issue by promising to join the euro in principle, without doing much to ensure such an outcome in practice.

The government admits it can do little to synchronize the British and Continental business cycles — its main economic condition for euro membership — other than pursue sound economic policies and hope that the forces of European economic convergence will prevail.

By relying on words not action, Mr. Blair seems to hope events will take the decision out of his hands. One way that could happen would be if British business and the City of London stepped up the pressure for joining, especially if the euro proves a success.

Of course if the euro is not a success, Mr. Blair will be off the hook — which is why some people in London are recklessly hoping that the currency will fail.

But that is not leadership. If Mr. Blair really wants Britain to join the euro, he must tackle the deep historical and cultural forces that make the British, and above all the English, so reluctant to throw in their lot with their Continental rivals and neighbors.

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CURRENCY & INTEREST RATES

Nov. 9 Libor-Libor Rates									
Cross Rates	1	3	6	12	18	24	36	48	60
Australian dollar	1.57	1.58	1.59	1.60	1.61	1.62	1.63	1.64	1.65
Canadian dollar	0.68	0.69	0.70	0.71	0.72	0.73	0.74	0.75	0.76
Japanese yen	110.00	110.00	110.00	110.00	110.00	110.00	110.00	110.00	110.00
Swiss franc	1.48	1.49	1.50	1.51	1.52	1.53	1.54	1.55	1.56
U.S. dollar	0.75	0.76	0.77	0.78	0.79	0.80	0.81	0.82	0.83
Other Dollar Values									
Argentine peso	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Brazilian real	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Chinese yuan	8.27	8.27	8.27	8.27	8.27	8.27	8.27	8.27	8.27
French franc	6.55	6.55	6.55	6.55	6.55	6.55	6.55	6.55	6.55
German mark	1.93	1.93	1.93	1.93	1.93	1.93	1.93	1.93	1.93
Italian lira	2,036	2,036	2,036	2,036	2,036	2,036	2,036	2,036	2,036
Spanish peseta	166.64	166.64	166.64	166.64	166.64	166.64	166.64	166.64	166.64
South African rand	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
U.K. pound	0.69	0.69	0.69	0.69	0.69	0.69	0.69	0.69	0.69
Forward Rates									
30-day	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
60-day	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
90-day	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
180-day	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
360-day	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000

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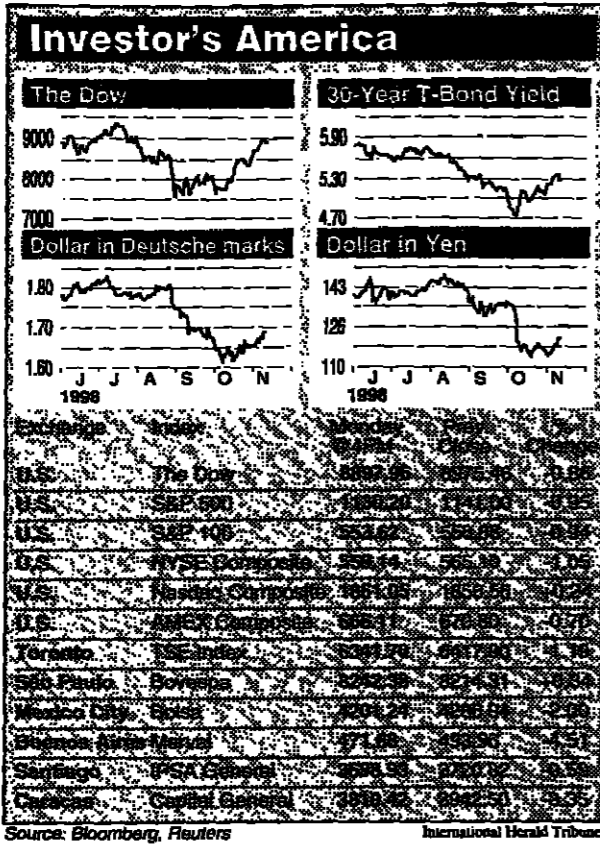
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THE AMERICAS



Very briefly:

- MGM Grand Inc. agreed to buy Primadonna Resorts Inc. for about \$602 million in stock and assumed debt to take complete control of the New York-New York resort in Las Vegas, one of the city's most lucrative casinos.
- Hershey Foods Corp. is considering selling its pasta business, the largest in the United States, with brands including Ronzoni and San Giorgio, to focus on chocolate and candies.
- Noranda Inc., a Canadian metals company, approved a \$170 million expansion at its Chilean copper-processing plant to keep up with surging output by the country's copper miners.
- General Motors Corp. awarded Alcan Aluminum Corp. a 10-year, multibillion-dollar supply contract for aluminum as the world's largest automaker aims to limit pollution by making vehicles lighter.
- Fox Entertainment Group Inc.'s first-quarter profit doubled on growth at its movie division as the company owned by News Corp. prepares for a stock sale to the public this week. Net income rose to \$57 million, in the three months ended Sept. 30 as revenue rose to \$1.48 billion from \$1.43 billion.

Weekend Box Office

LOS ANGELES — "The Waterboy" dominated the U.S. box office over the weekend, with a gross of \$39.1 million. Following are the top 10 moneymakers, based on Saturday's ticket sales and estimated sales for Sunday.

Rank	Title	Gross
1	The Waterboy	\$39.1 million
2	The Simple Life	\$14.7 million
3	Pleasantville	\$10.7 million
4	The Wound of Oz	\$8.5 million
5	Auti	\$6.4 million
6	Living Out Loud	\$6.3 million
7	Practical Magic	\$4.3 million
8	John Carpenter's Vampire	\$3.7 million
9	Shy	\$3.7 million
10	Rush Hour	\$3.5 million

The Trib Index Prices as of 4:00 P.M. New York time.

Index	Level	Change	% change	year to date % change
World Index	185.46	-2.56	-1.38	+7.76
Regional Indices				
Asia/Pacific	85.64	-2.51	-2.85	-10.86
Europe	213.05	-3.35	-1.55	+10.37
N. America	280.15	-1.92	-0.73	+20.45
S. America	95.15	-1.24	-1.29	-37.68
Industrial Indices				
Capital goods	257.19	-0.90	-0.35	+24.51
Consumer goods	231.15	-3.10	-1.32	+10.21
Energy	195.58	-2.35	-1.19	+0.31
Finance	125.39	-3.18	-2.47	+1.98
Miscellaneous	171.20	-2.42	-1.39	+14.22
Raw Materials	171.89	-1.99	-1.15	+2.66
Service	196.92	-1.96	-0.99	+12.97
Utilities	176.05	-2.98	-1.66	+5.50

Monday's 4 P.M. Close

The 200 most traded stocks of the day, up to the closing on Wall Street. The Associated Press.

Stock	Price	High	Low	Volume
IBM	125.12	125.12	125.12	1,234,567
Microsoft	45.67	45.67	45.67	987,654
Apple	34.56	34.56	34.56	765,432
Amazon	23.45	23.45	23.45	654,321
Google	12.34	12.34	12.34	543,210
Yahoo	11.23	11.23	11.23	432,109
Oracle	32.10	32.10	32.10	321,098
Sun	21.09	21.09	21.09	210,987
HP	10.98	10.98	10.98	109,876
Intel	30.87	30.87	30.87	98,765
Motorola	20.76	20.76	20.76	87,654
Qualcomm	10.65	10.65	10.65	76,543
Lucent	20.54	20.54	20.54	65,432
Verizon	10.43	10.43	10.43	54,321
Sprint	20.32	20.32	20.32	43,210
WorldCom	10.21	10.21	10.21	32,109
Earthlink	20.10	20.10	20.10	21,098
Comcast	10.09	10.09	10.09	10,987
Time Warner	20.98	20.98	20.98	9,876
News Corp.	10.87	10.87	10.87	8,765
Disney	20.76	20.76	20.76	7,654
Walt Disney	10.65	10.65	10.65	6,543
Paramount	20.54	20.54	20.54	5,432
Warner Bros.	10.43	10.43	10.43	4,321
Universal	20.32	20.32	20.32	3,210
Columbia	10.21	10.21	10.21	2,109
TriStar	20.10	20.10	20.10	1,098
MGM	10.09	10.09	10.09	987
United Artists	20.98	20.98	20.98	876
Warner Bros.	10.87	10.87	10.87	765
Paramount	20.76	20.76	20.76	654
Warner Bros.	10.65	10.65	10.65	543
Universal	20.54	20.54	20.54	432
Columbia	10.43	10.43	10.43	321
TriStar	20.32	20.32	20.32	210
MGM	10.21	10.21	10.21	109
United Artists	20.10	20.10	20.10	98
Warner Bros.	10.09	10.09	10.09	87
Paramount	20.98	20.98	20.98	76
Warner Bros.	10.87	10.87	10.87	65
Paramount	20.76	20.76	20.76	54
Warner Bros.	10.65	10.65	10.65	43
Universal	20.54	20.54	20.54	32
Columbia	10.43	10.43	10.43	21
TriStar	20.32	20.32	20.32	10
MGM	10.21	10.21	10.21	9
United Artists	20.10	20.10	20.10	8
Warner Bros.	10.09	10.09	10.09	7
Paramount	20.98	20.98	20.98	6
Warner Bros.	10.87	10.87	10.87	5
Paramount	20.76	20.76	20.76	4
Warner Bros.	10.65	10.65	10.65	3
Universal	20.54	20.54	20.54	2
Columbia	10.43	10.43	10.43	1

Financial Shares Lead the Market Lower

Bloomberg News
NEW YORK — Stocks were mostly lower Monday for the first time in nine days, led by financial shares, as investors concluded that the Federal Reserve Board would keep U.S. interest rates steady, in contrast to earlier expectations.

As the U.S. economy has shown signs of strength lately, the stock market has rebounded sharply in recent weeks from its lows this summer. Last week, the Fed chairman, Alan Greenspan, suggested that investors in the bond market were growing more amenable to risk, easing the threat of a credit crunch. "It is not written in stone that interest rates have to come down" at the next meeting of the Fed's monetary policy committee next Tuesday, said Marshall Acuff, an equity strategist at Salomon Smith Barney.

At the close, the Dow Jones industrial average was down 77.50 points at 8,897.96, and the Standard & Poor's 500 index was down 10.81 at 1,130.20. But the Nasdaq composite rose 4.49 to 1,861.05 on strength in Internet-related stocks.

U.S. STOCKS

Declining stocks outnumbered advancing ones by a ratio of about 2-1 on the New York Stock Exchange.

Banks and financial services companies led the market decline. Bank One fell 2 3/16 to 51 1/4. National City fell 1 1/16 to 67 7/16. Chase Manhattan slipped 2 1/4 to 58 1/4, and BankAmerica slid 2 5/16 to 60 1/4.

J.P. Morgan fell 3 1/4 to 100 1/4; people familiar with the bank said it would cut as many as 740 employees, or about 5 percent of its staff.

Citigroup, the world's largest financial-services company, was caught in the selling even after it said it would buy back as much as \$2 billion, or 1.8 percent, of its stock. Citigroup fell 1 1/4 to 45.

Airline stocks fell amid concern that profits in the industry would fall next year. AMR, the parent of American Airlines, fell 4 1/4 to 62 1/4, and US Airways lost 2 7/16 to 50 9/16.

Yahoo!, Excite and other Internet-related shares soared on optimism that the companies will benefit from a surge in on-line shopping and advertising revenue during the holiday season.

Yahoo!, the No. 1 Internet di-

rectory, rose 1 3/16 to 164 1/4, and America Online, the No. 1 on-line service, rose 4 1/4 to 144 1/4.

Excite rose 7 1/4 to 47 1/4. The Internet media company said it had formed an alliance with Charles Schwab & Co. and Inuit Inc. to offer investment education on the World Wide Web.

Centocor rose 4 1/4 to 51 1/4. The biotechnology company said its ReoPro drug could reduce the risk of death in patients who underwent the artery-opening procedure known as angioplasty.

As investors pulled money out of stocks, Treasury bonds, which had plunged in price in recent days, showed gains. The benchmark 30-year bond rose 1 10/32 points to 99 12/32, pushing the yield down to 5.29 percent from 5.38 percent Friday.

Dollar Rises As U.S. Rates Look Firmer

Bloomberg News
NEW YORK — The dollar gained against the mark and the yen Monday amid a decline in expectations for the Federal Reserve Board to cut U.S. interest rates when its policy-making committee met next week.

Traders also bought dollars amid optimism that a pending international loan package would help Brazil meet its debt obligations and help stave off recession in other Latin American countries.

"Increased confidence in the markets is the reason the Fed may not cut rates," said Lee Thomas,

a fund manager at Pacific Investment Management Co. "People are also more optimistic about a package for Brazil."

The dollar fell in recent weeks, partly on concern that a slowdown in Brazil would hurt the rest of Latin America, which takes about 20 percent of U.S. exports.

Stanley Fischer, first deputy managing director at the International Monetary Fund, said the loan package, which is expected to include \$15 billion from the IMF and \$4 billion to \$5 billion from the World Bank, would be announced this week.

Traders have scaled back their expectations for a U.S. rate cut since the Fed chairman, Alan Greenspan, said last week that investors were again becoming more comfortable with risk. Investors took that to mean that the Fed saw less of a need to add liquidity through lower interest rates. Lower rates would decrease the allure of dollars by reducing the returns on dollar-denominated assets.

In addition, investors have been cheered by reports in the last two weeks showing that U.S. retail sales rose a better-than-expected 4.8 percent in October and that third-quarter gross domestic product grew 3.3 percent, more than the 2.2 percent forecast by economists. The Fed has cut its target overnight lending rate twice since late September, to 5 percent.

In 4 P.M. trading, the dollar rose to 1.6888 Deutsche marks from 1.6729 DM on Friday and to 121.70 yen from 119.51 yen.

Against other currencies, the dollar rose to 5.6586 French francs from 5.6102 francs and to 1.3965 Swiss francs from 1.3781 francs.

The pound rose to \$1.6630 from \$1.6605.

FOREIGN EXCHANGE

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Citigroup's Management Shuffle Goes On

Compiled by Our Staff From Dispatches

NEW YORK — Citigroup Inc. said Monday that Steven Black, global head of equities at its Salomon Smith Barney securities division, had resigned, continuing the shake-up of top management at the world's largest financial-services company.

His resignation came just over a week after the departure of Jamie Dimon, 42, a president who left after complaints about the integration of Citigroup's banking operations.

Mr. Black, 46, who played a pivotal role in building Smith Barney's equities business, was seen as second-in-command to Mr. Dimon, and was a top executive at Citigroup, formed from the merger of Travelers Group and Citicorp.

Sanford Weill, a co-chairman, said last week the shake-up was necessary because senior managers in charge of the company's corporate and investment bank "were just not getting it together."

The new company reported a 65 percent fall in third-quarter profit. Citigroup last week also stepped a Salomon vice chairman, Patrick McGowan, of management responsibilities. He named Victor Meneses, co-chairman of corporate banking, and Michael Carpenter, a vice chairman as heads of an investment and commercial banking business.

Mr. Black was Citigroup's representative on the board of Long-Term Capital Management LP, the failed hedge fund that 14 banks,

including Citigroup, took over in September. No decision has been made about who will replace him on that board, a company spokesman said.

Job Cuts at J.P. Morgan

J.P. Morgan & Co., the fourth-largest U.S. bank, is cutting 5 percent of its staff by the end of the year as slowing global markets reduce its profit, people familiar with the bank said, Bloomberg News reported.

J.P. Morgan, which employs about 16,200 people, is cutting more than 700 people through a combination of firings and attrition in most departments, including emerging markets and investment banking, these people said.

BA: Slowdown Prompts Airline to Limit Expansion Plans

Continued from Page 13

normally occupy a lot of seats at the front of the carrier's planes, but Mr. Ayling predicted that corporate travel budgets would recover.

The announcement follows a string of downbeat reports from major international airlines last week. KLM Royal Dutch Airlines reported a 25 percent drop in operating profit in the September quarter and delayed delivery of two Boeing 747s because of a weak outlook.

Scandinavian Airlines System reported a 26 percent decline in quarterly pretax profit and said business passenger traffic was flat.

American Airlines announced that it would retire 10 planes next

year and delay the introduction of new international services because of the slowing global economy.

The worsening climate helps to explain the decision by British Airways in recent weeks to stop pushing for an immediate regulatory approval of its planned alliance with American.

Mr. Ayling said British Airways was now pushing for a phased implementation of the alliance, in step with a gradual liberalization of the market for routes between the United States and Britain, over four to five years. In the meantime, British Airways will focus on developing its looser OneWorld alliance with American, Cathay Pacific Airways Ltd., Qantas Airways Ltd. and

Canadian Airlines Corp.

The "open skies" deal demanded by U.S. authorities in exchange for allowing the BA-American alliance would unleash a wave of new competition on routes between Britain and the United States. Those routes generate nearly 80 percent of British Airways' profits.

The European Commission also has demanded that the airline give up more than 250 takeoff and landing slots at Heathrow Airport in London before linking up with American.

"The last thing they need right now is more capacity and more competition on the trans-Atlantic routes," Mr. Keckwick of Goldman Sachs said.

U. S. STOCK-MARKET DIARY

Indexes

Index	High	Low	Close	Change
Dow Jones	8,900.00	8,880.00	8,897.96	-77.50
S&P 500	1,135.00	1,125.00	1,130.20	-10.81
Nasdaq	1,865.00	1,855.00	1,861.05	+4.49

IBM	125.12	-0.12
Microsoft	45.67	-0.17
Apple	34.56	-0.11
Amazon	23.45	-0.09
Google	12.34	-0.08
Yahoo	11.23	+0.12
Oracle	32.10	-0.10
Sun	21.09	-0.09
HP	10.98	-0.08
Intel	30.87	-0.07
Motorola	20.76	-0.06
Qualcomm	10.65	-0.05
Lucent	20.54	-0.04
Verizon	10.43	-0.03
Sprint	20.32	-0.02
WorldCom	10.21	-0.01
Earthlink	20.10	+0.01
Comcast	10.09	+0.02
Time Warner	20.98	+0.03
News Corp.	10.87	+0.04
Disney	20.76	+0.05
Walt Disney	10.65	+0.06
Paramount	20.54	+0.07
Warner Bros.	10.43	+0.08
Universal	20.32	+0.09
Columbia	10.21	+0.10
TriStar	20.10	+0.11
MGM	10.09	+0.12
United Artists	20.98	+0.13
Warner Bros.	10.87	+0.14
Paramount	20.76	+0.15
Warner Bros.	10.65	+0.16
Universal	20.54	+0.17
Columbia	10.43	+0.18
TriStar	20.32	+0.19
MGM	10.21	+0.20
United Artists	20.10	+0.21
Warner Bros.	10.09	+0.22
Paramount	20.98	+0.23
Warner Bros.	10.87	+0.24
Paramount	20.76	+0.25
Warner Bros.	10.65	+0.26
Universal	20.54	+0.27
Columbia	10.43	+0.28
TriStar	20.32	+0.29
MGM	10.21	+0.30
United Artists	20.10	+0.31
Warner Bros.	10.09	+0.32
Paramount	20.98	+0.33
Warner Bros.	10.87	+0.34
Paramount	20.76	+0.35
Warner Bros.	10.65	+0.36
Universal	20.54	+0.37
Columbia	10.43	+0.38
TriStar	20.32	+0.39
MGM	10.21	+0.40
United Artists	20.10	+0.41
Warner Bros.	10.09	+0.42
Paramount	20.98	+0.43
Warner Bros.	10.87	+0.44
Paramount	20.76	+0.45
Warner Bros.	10.65	+0.46
Universal	20.54	+0.47
Columbia	10.43	+0.48
TriStar	20.32	+0.49
MGM	10.21	+0.50
United Artists	20.10	+0.51
Warner Bros.	10.09	+0.52
Paramount	20.98	+0.53
Warner Bros.	10.87	+0.54
Paramount	20.76	+0.55
Warner Bros.	10.65	+0.56
Universal	20.54	+0.57
Columbia	10.43	+0.58
TriStar	20.32	+0.59
MGM	10.21	+0.60
United Artists	20.10	+0.61
Warner Bros.	10.09	+0.62
Paramount	20.98	+0.63
Warner Bros.	10.87	+0.64
Paramount	20.76	+0.65
Warner Bros.	10.65	+0.66
Universal	20.54	+0.67
Columbia	10.43	+0.68
TriStar	20.32	+0.69
MGM	10.21	+0.70
United Artists	20.10	+0.71
Warner Bros.	10.09	+0.72
Paramount	20.98	+0.73
Warner Bros.	10.87	+0.74
Paramount	20.76	+0.75
Warner Bros.	10.65	+0.76
Universal	20.54	+0.77
Columbia	10.43	+0.78
TriStar	20.32	+0.79
MGM	10.21	+0.80
United Artists	20.10	+0.81
Warner Bros.	10.09	+0.82
Paramount	20.98	+0.83
Warner Bros.	10.87	+0.84
Paramount	20.76	+0.85
Warner Bros.	10.65	+0.86
Universal	20.54	+0.87
Columbia	10.43	+0.88
TriStar	20.32	+0.89
MGM	10.21	+0.90
United Artists	20.10	+0.91
Warner Bros.	10.09	+0.92
Paramount	20.98	+0.93
Warner Bros.	10.87	+0.94
Paramount	20.76	+0.95
Warner Bros.	10.65	+0.96
Universal	20.54	+0.97
Columbia	10.43	+0.98
TriStar	20.32	+0.99
MGM	10.21	+1.00
United Artists	20.10	+1.01
Warner Bros.	10.09	+1.02
Paramount	20.98	+1.03
Warner Bros.	10.87	+1.04
Paramount	20.76	+1.05
Warner Bros.	10.65	+1.06
Universal	20.54	+1.07
Columbia	10.43	+1.08
TriStar	20.32	+1.09
MGM	10.21	+1.10
United Artists	20.10	+1.11
Warner Bros.	10.09	+1.12
Paramount	20.98	+1.13
Warner Bros.	10.87	+1.14
Paramount	20.76	+1.15
Warner Bros.	10.65	+1.16
Universal	20.54	+1.17
Columbia	10.43	+1.18
TriStar	20.32	+1.19
MGM	10.21	+1.20
United Artists	20.10	+1.21
Warner Bros.	10.09	+1.22
Paramount	20.98	+1.23
Warner Bros.	10.87	+1.24
Paramount	20.76	+1.25
Warner Bros.	10.65	+1.26
Universal	20.54	+1.27
Columbia	10.43	+1.28
TriStar	20.32	+1.29
MGM	10.21	+1.30
United Artists	20.10	+1.31
Warner Bros.	10.09	+1.32
Paramount	20.98	+1.33
Warner Bros.	10.87	+1.34
Paramount	20.76	+1.35
Warner Bros.	10.65	+1.36
Universal	20.54	+1.37
Columbia	10.43	+1.38
TriStar	20.32	+1.39
MGM	10.21	+1.40
United Artists	20.10	+1.41
Warner Bros.	10.09	+1.42
Paramount	20.98	+1.43
Warner Bros.	10.87	+1.44
Paramount	20.76	+1.45
Warner Bros.	10.65	+1.46
Universal	20.54	+1.47
Columbia	10.43	+1.48
TriStar	20.32	+1.49
MGM	10.21	+1.50
United Artists	20.10	+1.51
Warner Bros.	10.09	+1.52
Paramount	20.98	+1.53
Warner Bros.	10.87	+1.54
Paramount	20.76	+1.55
Warner Bros.	10.65	+1.56
Universal	20.54	+1.57
Columbia	10.43	+1.58
TriStar	20.32	+1.59
MGM	10.21	+1.60
United Artists	20.10	+1.61
Warner Bros.	10.09	+1.62
Paramount	20.98	+1.63
Warner Bros.	10.87	+1.64
Paramount	20.76	+1.65
Warner Bros.	10.65	+1.66
Universal	20.54	+1.67
Columbia	10.43	+1.68
TriStar	20.32	+1.69
MGM	10.21	+1.70

EUROPE

Italy Insurer Reaches Pact In Germany

Bloomberg News
FRANKFURT — Assicurazioni Generali SpA, an Italian insurer, and Commerzbank AG of Germany agreed Monday on a broad alliance that will include a swap of shares valued at 1.2 billion Deutsche marks (\$722.9 million).
 Generali said it would buy a 5 percent stake in Commerzbank by subscribing to a capital increase for the bank. Commerzbank said it would take a 2.5 percent stake in Generali.
 In addition, Commerzbank will name a director to the supervisory board of Generali's German unit, AMB Aachener & Münchener Begehrungs AG, which will become the bank's exclusive partner in selling insurance in Germany.
 "AMB will be able to significantly extend its already vast sales network by collaborating with a bank of such international prestige," Generali said. It said the alliance would add about 1 percent to its recurring life insurance premiums.
 The transaction will tighten the already close links between two of Europe's largest financial institutions, which include joint stakes in Banca Commerciale Italiana SpA, Italy's fifth-largest bank.
 Shares of Commerzbank rose 2.20 DM to 54.90 in Frankfurt. Those of Generali fell 499 lire to 58,545 (\$35.65) in Milan.
Fiat Buys Into Renault Unit
 Fiat SpA said it had bought most of Renault's foundry unit, a move that bolstered links between Italy's largest and France's second-largest carmakers, Bloomberg News reported from Paris.
 In exchange, Renault will get a 33.5 percent stake in Fiat SpA, Fiat's metals-making unit.
 Fiat forecast 1999 sales of \$2 billion for Fiat's foundry unit, which will incorporate six of Renault's AT Systems factories.
 Fiat has 22 plants in Europe and the Americas. It accounted for 2.6 percent of the Italian carmaker's 1997 sales.
 The move by Renault and Fiat, which follows the companies' plan to link their bus operations, will help Fiat cut production costs after its car unit posted a third-quarter loss.

EU Agrees to Freer U.S. Trade Proposal Sidesteps Barriers on Films and Farm Goods

Bloomberg News
BRUSSELS — The European Union's 15 member governments adopted a plan Monday aimed at scrapping trade barriers with the United States, after France blocked an earlier plan on concern that it would damage the French agriculture and film industries.
 The modified plan, which does not address trade barriers on farm products or motion pictures, aims to remove mainly regulatory barriers to EU-U.S. trade, which was worth 277 billion European currency units (\$326.19 billion) in 1997.
 EU foreign ministers authorized the European Commission to start carrying out the measures, negotiated by the EU trade commissioner, Sir Leon Brittan, and the U.S. trade representative, Charlene Barshefsky.
 The United States is expected to formally agree to the plan at a meeting with EU officials next month.
 The so-called Trans-Atlantic Economic Partnership "offers the removal of expensive barriers to trade, more market access and improved scientific cooperation," and reinforces the EU-U.S. relationship as a "pole of stability in a turbulent world economy," Sir Leon said.
 The effort at dismantling trade barriers comes as the United States and EU differ over broad trade issues, ranging from the World Trade Organization's role in settling disputes to U.S. sanctions on countries doing business with Cuba and Iran to U.S. tax breaks for exporters.
 Sir Leon's plan calls for closer cooperation between regulators in areas such as mutual recognition of technical regulations and professional qualifications and liberalization of government procurement and intellectual property.
 The plan also steps up scientific cooperation across the Atlantic, establishing an "early-warning system" to avoid disputes over food safety and biotechnology.
 Over the past two years, a series of EU-U.S. disputes over food safety have erupted, with the United States accusing Europe of basing its legislation on consumer fears rather than sound science.
 On the more contentious issues such as agriculture, the plan suggests the two sides work more closely together to prepare multilateral trade negotiations, which are scheduled to start in World Trade Organization in Geneva late next year.

Asia's Slump Hits German Factory Data

Bloomberg News
FRANKFURT — Industrial production in Germany fell 3.2 percent in September from August, the government said Monday. The drop, which was bigger than expected, was another sign that the slowdown in Asia could cut into European economic growth.
 Industrial output rose 2.1 percent from September 1997, also less than expected.
 The government warned, however, that the figures might be weaker than they should be because summer vacations had delayed reporting at many companies. The Economics Ministry said it expected to revise the figures upward.
 But the drop in output still seemed likely to reinforce expectations that growth in Germany and other European countries will slow next year as shrinking economies in Asia, Russia and Latin America buy fewer European goods.
 The report points to "an intensifying squeeze on exports," said Catherine Lee, an economist at Greenwich NatWest in London, although she warned that the figures were suspect.
 "Large declines in all sectors suggest that the data are probably based on incomplete replies," she said.
 The decline in output was led by a 5.6 percent fall in the production of energy and a 4.1 percent drop in the output of capital goods such as machine tools. The only monthly increase was posted by the construction industry, which saw output rise 0.6 percent.
 Production in Western Germany fell 3.4 percent from the month before but climbed 2.5 percent from a year earlier. In Eastern Germany, which accounts for only one-tenth of Germany's economic activity, production fell 2.7 percent in the month and 2.9 percent in the year. The report reflects activity at factories, construction sites, utilities and mines.
 Economists expect the slowdown in world growth to slow but not to derail European economic expansion. The European Commission last month cut its 1999 forecast for the 11 European Union countries that are adopting a single currency in January to 2.6 percent from 3.2 percent.

Investor's Europe

Frankfurt DAX	London FTSE 100 Index	Paris CAC 40
6000	6500	4000
5000	5500	3000
4000	4500	2000
3000	3500	1000
2000	2500	0
1000	1500	-1000
0	500	-2000
-1000	-500	-3000
-2000	-1500	-4000
-3000	-2500	-5000
-4000	-3500	-6000
-5000	-4500	-7000
-6000	-5500	-8000
-7000	-6500	-9000
-8000	-7500	-10000
-9000	-8500	-11000
-10000	-9500	-12000
-11000	-10500	-13000
-12000	-11500	-14000
-13000	-12500	-15000
-14000	-13500	-16000
-15000	-14500	-17000
-16000	-15500	-18000
-17000	-16500	-19000
-18000	-17500	-20000
-19000	-18500	-21000
-20000	-19500	-22000
-21000	-20500	-23000
-22000	-21500	-24000
-23000	-22500	-25000
-24000	-23500	-26000
-25000	-24500	-27000
-26000	-25500	-28000
-27000	-26500	-29000
-28000	-27500	-30000
-29000	-28500	-31000
-30000	-29500	-32000
-31000	-30500	-33000
-32000	-31500	-34000
-33000	-32500	-35000
-34000	-33500	-36000
-35000	-34500	-37000
-36000	-35500	-38000
-37000	-36500	-39000
-38000	-37500	-40000
-39000	-38500	-41000
-40000	-39500	-42000
-41000	-40500	-43000
-42000	-41500	-44000
-43000	-42500	-45000
-44000	-43500	-46000
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-47000	-46500	-49000
-48000	-47500	-50000
-49000	-48500	-51000
-50000	-49500	-52000
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-63000	-62500	-65000
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-66000	-65500	-68000
-67000	-66500	-69000
-68000	-67500	-70000
-69000	-68500	-71000
-70000	-69500	-72000
-71000	-70500	-73000
-72000	-71500	-74000
-73000	-72500	-75000
-74000	-73500	-76000
-75000	-74500	-77000
-76000	-75500	-78000
-77000	-76500	-79000
-78000	-77500	-80000
-79000	-78500	-81000
-80000	-79500	-82000
-81000	-80500	-83000
-82000	-81500	-84000
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-88000	-87500	-90000
-89000	-88500	-91000
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Very briefly:

Reuters, Bloomberg

Mark Hulbert is editor of the Hulbert Financial Digest, a newsletter based in Alexandria, Virginia.

November 9, 1998

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Making Sense of the 'Year of the Deal'

By Kenneth N. Gilpin
New York Times Service

NEW YORK—Deals, deals and more deals. Despite the summer lull in financial markets, 1998 may be remembered as the Year of the Deal.

New mergers—and worries about some older ones—have been on the market's mind.

Since the middle of October, when the U.S. Federal Reserve Board cut short-term interest rates for the second time in less than three weeks, a half-dozen combinations valued at \$1 billion or more have been announced.

But the departures of James Dimon, president of Citicorp, and David Coulter, president of BankAmerica Corp., have cast doubt on whether the newly merged organizations would prove to be harmonious and profitable.

Tom Burnett, director of Merger Insight, an institutional research service that publishes daily reports for clients who own takeover stocks, recently

Q & A / Tom Burnett

shared some of his thoughts on the combination game and how to play it.

Q: Do you see trouble brewing at either Citicorp or the combined BankAmerica and NationsBank?

A: There was a lot of euphoria after the Citicorp-Travelers deal was announced, and we thought a lot of that was misplaced, even though we did not expect the Russian turmoil.

It will take some time to generate the synergies and cross-selling opportunities John Reed and Sandy Weill were talking about when they announced the deal. In a highly regulated industry like banking, you can't expect a bonanza overnight.

Q: Did James Dimon's dismissal surprise you?

A: I was surprised the stock didn't fall more than it did after that happened, because I saw it as a sign of overall management turmoil. But when all is said and done, this is Sandy Weill's deal. Having a strong personality on the buyer's side is very important, because you need strong-willed senior management to make sure the merger happens.

A far greater risk to the deal, in my view, is what happens in Washington.

Q: How so?

A: With the defeat of Senator Al D'Amato, who was chairman of the Senate Banking Committee and was in favor of bank-legislation reform, no one knows what sort of legislative thrust we will get next year.

Senator Phil Gramm, who is next in line to be chairman, has put out an olive branch, saying he is not adamantly against reform. But he has been a big

Look for mergers that create clear leaders and lines of organization.



Mr. Burnett advises investors to beware of 'co-managers' at the top.

Always invest in a company with a clear leader and clear reporting relationships.

DaimlerChrysler has a clear organization chart. Morgan Stanley Dean Witter has a clear delineation of responsibility.

British Petroleum and Amoco are another good example.

They have clearly labeled what the company in Illinois is going to do and what the company in the United Kingdom will be doing. It should be a big success.

Q: Is the pace of activity likely to slow next year?

A: We have had a slowdown from the first half of the year, and I think it will remain slow until we see if we are going into a recession. If companies sense that, they will pare activity.

In the greater scheme of things, recessions are near-term events, and a merger is a long-term decision.

But the near-term impact can be painful if you pay for an earnings stream that dries up if a recession hits.

Missed the October Rally? Junk Bonds Could Help

By Gretchen Morgenson
New York Times Service

NEW YORK—Impressive indeed, this John Glenn rally in the stock market. Since Mr. Glenn was lifted into space Oct. 29 on a space-shuttle flight that ended Saturday, the Dow Jones industrial average has rocketed 7 percent. Even more remarkable, the Dow has rallied 19 percent from its Aug. 31 low.

Of course, any time a market moves up this far this fast, it leaves plenty of investors behind. Those who sold stocks during the late summer or early fall are kicking themselves after a nearly 20 percent spurt doesn't feel right, either.

What should investors do?

Buy junk bonds. Because of their high degree of risk, these securities are viewed as more like stocks than like bonds. But unlike equities, junk bonds have not yet rallied from depressed levels. That is because there is still less liquidity in the junk market; trading is not near the usual volume for this arena.

Fears of a credit pullback and another travesty like the one that befell the hedge fund Long-Term Capital Management hedge this autumn have kept the market for high-yield bonds frozen. Although the first signs of a thaw are emerging, these bonds still trade at exceptionally high yields.

For example, the yield on Merrill Lynch & Co.'s High Yield Master Index now stands at 5.76 percent, points above that on 10-year Treasury bonds. That is down from the peak spread of 6.44 percentage points Oct. 16 but still well above the historical average spread of around four percentage points.

Junk bonds look especially compelling if you believe the bulls' case for stocks. This view says that there is no recession on the horizon, that further interest-rate

cuts from the Federal Reserve Board will make sure none appears, that worries of a credit contraction are overblown and that corporate earnings will not be as weak as was previously thought.

If the bulls are right, junk bonds will be big money-makers for investors. But an appealing aspect to buying junk bonds at current levels is that the reward potential is great and the chance of disaster far less than it is in stocks that are back to their all-time highs. Even if the United States slips into a recession and default rates rise on junk-bond debt, prices are not likely to plummet, and if prices do fall a bit, investors will collect a considerable yield for their trouble.

The fact that high-yield bonds have not yet responded to the Fed's recent rate cuts at least partly reflects investor unease about rising defaults among issuers of risky debt. Defaults have averaged 3.3 percent of all issues annually since 1971 but hit a low of 1.4 percent in the spring of 1997. Recently, the rate has crept back up to 2.6 percent.

But Martin Fridson, chief high-yield strategist at Merrill Lynch, says the market in junk bonds is so depressed right now that even a 5.5 percent default rate would not trash it. According to his calculations, the difference between the yield on junk bonds and Treasury yields is roughly the same as it would be if default rates were 13 percent—and there are no known forecasts of defaults rising to double-digit levels.

Because of the high costs associated with buying individual junk issues, high-yield munis funds are the way to go for most investors in this market. Funds rated highly by Morningstar, and with relatively high yields and low expenses, include Fidelity High Income, Legg Mason High Yield Primary and Vanguard High-Yield Corporate.

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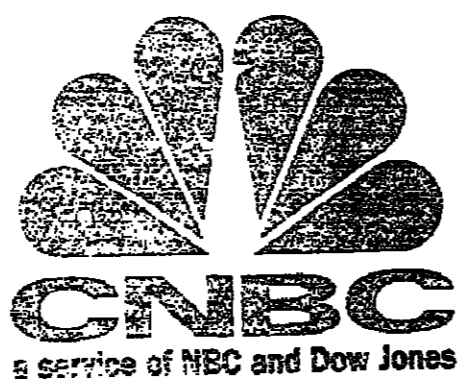
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ASIA/PACIFIC

Protection For Japan's Investors

Compiled by Our Staff From Japanese

TOKYO — A group of 37 foreign securities firms operating in Japan plans to establish a fund to protect investors separately from safeguards planned by Japanese brokerages.

The fund, to be called the Japan Securities Investor Protection Fund, would be similar to one to be set up by the Japan Securities Dealers Association and would protect investors in the event that a securities house went bankrupt or faced financial difficulties.

The new fund, however, would try to tackle issues that the foreign brokerage firms say the Japanese fund fails to address.

Of particular concern to the firms, which include Merrill Lynch & Co. and Morgan Stanley & Co., is the fact that the fund to be set up by the Japan Securities Dealers Association sets no limits on liability. With some medium-sized brokerages teetering near bankruptcy, that could cause problems, the foreign firms say.

"This is not about our willingness to contribute to an insurance fund," the investment companies said in a statement. "Rather, our concern is with the fund's design, specifically, establishing reasonable limits to industry liability."

A previous fund under the Japan Securities Dealers Association was drained last November after paying out \$5 billion yen (\$46.5 million) as a result of the failures of two medium-sized brokerages, Sanyo Securities Co. and Maruo Securities Co.

To limit liability, the foreign brokers want the Securities Dealers Association to require brokers to segregate client assets from their own. Neither Sanyo or Maruo kept client assets separate.

Japan's Parliament passed legislation providing for the new investor-protection fund in June. The fund is to protect all retail investor assets until March 2001.

(Bloomberg, Reuters)

Early Signs of Debt Problems Worry Taiwan

Bloomberg News

TAIPEI — Taiwan, so far spared the worst of Asia's economic woes, is confronting a series of financial troubles that hold uncomfortable similarities to troubles elsewhere in the region.

Two finance companies nearly defaulted on their debts this month, requiring heavy government bailouts and raising questions about leading policies and best debts at more than a dozen similar institutions.

Last week, the chairman of one ailing conglomerate, New Magnitude Group, broke down in tears as he appealed to creditors after affiliates bounced checks and defaulted on more than 500 million Taiwan dollars

(\$15.3 million) in stock trades.

Such failures are not likely to shake Taiwan's tightly regulated banks. But many investors are bracing for additional defaults that could pummel stocks and spark a slowdown that Taiwan — and Asia — can ill afford.

"Taiwan is just now seeing more problems in our banking and industrial sector," said Stephen Wang, a bank analyst at HSBC Securities in Taipei. "We haven't seen the end of this crisis in Taiwan."

Taiwan's main stock index has fallen 15 percent this year. The decline would be steeper were it not for purchasing by government-backed investment funds, traders said.

Any hint that Taiwan — one of the few Asian economies that is still growing — could be vulnerable to a banking crisis like those that have hit its neighbors has sent government officials scurrying to organize bailouts and reassure depositors. Non-performing loans at banks — loans on which payments have not been made or restructured for at least 90 days — accounted for 4.35 percent of Taiwan banks' total outstanding loans in the third quarter, up from 3.95 percent a year earlier.

Four major state-controlled banks — Hua Nan Commercial Bank, First Commercial Bank, Chang Hwa Commercial Bank and Chiao Tung Commercial Bank — probably have

exposures of as much as 7 billion dollars each to companies that have reported financial difficulties, according to HSBC Securities.

"I don't think the problem here in Taiwan is as serious as what happened in, say, Japan or Thailand," said Cheng Yi-sheng, a fund manager at Taiwan Securities Investment Co. "But the problem is pretty serious, and even more so than what we read from newspapers or hear from the government."

At the heart of the concern are Taiwan's 16 so-called bills-finance companies. Licensed to trade in money-market securities such as commercial paper, bankers' acceptances and negotiated certificates of deposit, they guarantee short-term funding for almost every Taiwan corporation. Such firms also trade commercial paper for their own portfolios and for clients.

Taiwan had only three such companies until 1995, when the government handed out licenses for 13 additional firms as part of its goal of liberalizing the financial industry.

New entrants such as Central Bills Finance Co. and Hung Fu Bills Finance Co. — the two that nearly failed last week — were "exposed to more risk in their client base," compared with the more established companies, Mr. Wang said.

When some of the corporate debt securities that Central Bills owned and had guaranteed were defaulted on, Central Bills was unable to meet obligations to the banks that provided it with daily liquidity. The government then ordered eight banks, Central Bills' biggest creditors, to take control of the company — essentially assuming its liabilities. Hung Fu was taken over in a similar manner Monday by three banks and another bills-finance company.

Taiwan has plenty of experience at dousing financial fires. International Bills Finance Co., one of the oldest bills companies — far bigger than Central Bills — nearly collapsed in 1995 because of fraud involving fake bill certificates.

Continuing economic growth, however, should help prevent Tai-

China's Factory-Output Growth Quickens

Bloomberg News

BEIJING — China said Monday its factory output rose 10.6 percent in October from a year earlier, its fastest growth rate since January, as government spending raised domestic demand.

Value-added industrial output totaled 178.5 billion yuan (\$21.56 billion), the government said. The rate of increase, up from 10.2 percent in September, was the fastest since January, when output rose 11.3 percent from a year earlier.

Beijing has ordered state-owned enterprises and local authorities to increase spending on infrastructure

projects such as roads and railways to help raise demand. That is intended to prevent the economy from slowing and unemployment from rising as Chinese exports slip because of recessions in Japan, South Korea and elsewhere in Asia and currency devaluations in Asian countries that are also major exporters.

While much of the additional investment in the economy is being financed by state-owned banks and government bond sales, companies that are not state-owned are increasing production the most.

In October, stock-issuing companies raised production 16.5 percent

from a year earlier. Foreign-funded companies increased production 15.1 percent, and state-owned companies increased output 4.7 percent.

"Industrial output only started turning higher in September," said Ben Chiu, a research manager at HongKong Bank China Services Ltd. "It confirms there's a new trend."

China's economy as measured by gross domestic product expanded 7.6 percent in the third quarter from a year earlier, the government said last month. The economy grew 7.2 percent in the first quarter and 6.8 percent in the second quarter from year-earlier levels.

Creditors of GITIC Unit Meet

The Associated Press

HONG KONG — Creditors of the Hong Kong subsidiary of the collapsed Guangdong International Trust & Investment Corp. might get just 54 cents on the dollar, liquidators said Monday.

The accounting company KPMG Peat Marwick said after a closed creditors' meeting that it had been appointed as provisional liquidator of GITIC Hong Kong, whose assets will be sold to pay bank creditors.

A KPMG Peat Marwick partner, Gabriel Tam, said the book value of GITIC Hong Kong's assets was 3.6 billion Hong Kong dollars (\$464.9 million), while liabilities amounted to 3.2 billion dollars.

"If creditors have a claim against GITIC, this gives them another right, another avenue to claim on the debt,"

Mr. Tam said of the many "letters of comfort" that the parent company had written to support the debt of its Hong Kong businesses. It remains unclear how much the liquidators can actually raise by selling GITIC Hong Kong's assets, as the accountants are unlikely to find purchasers willing to pay full book value. Mr. Tam said a payout of 54 cents on the dollar was under consideration.

China's state bank, CITIC, on Oct. 6, raising questions about the soundness of loans made to the fund-raising arm of the Guangdong provincial government. Beijing has said it will repay any loans to GITIC that were registered with Chinese authorities, but many of the loans made in Hong Kong were not registered, and their status remains unclear.

Samsung Plans Texas Expansion

Bloomberg News

SEOUL — Samsung Electronics Co. said Monday it would go ahead with the second round of a \$600 million expansion of its Texas chip plant, now that it expected prices of chips to stabilize.

An additional \$250 million by the end of this year, said Yoon Jong Jin, a Samsung spokesman.

Separately, Samsung Electronics said it had repaid one-sixth of its \$6.5 billion foreign-currency debt, partly with funds it had raised through five domestic bond sales.

Machinery and other products to the United States and Europe should help the economy achieve growth of 4.5 percent to 5 percent this year, analysts say. Taiwan also has the world's fourth-largest foreign exchange reserves, at \$84 billion. That money could be used to defend the currency if interest-rate cuts are needed to stimulate the economy.

Investor's Asia

Hong Kong Hang Seng		Singapore Straits Times	Tokyo Nikkei 225	
11000	1300	17000		
10000	1200	16000		
9000	1100	15000		
8000	1000	14000		
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1998	1998	1998		
Exchange	Index	Monday Close	Prev. Close	% Change
Hong Kong	Hang Seng	9,851.94	10,139.75	-2.84
Singapore	Straits Times	1,219.28	1,223.76	-0.36
Sydney	All Ordinaries	2,688.18	2,687.30	+0.30
Tokyo	Nikkei 225	14,194.84	14,121.97	+0.51
Kuala Lumpur	Composite	468.69	468.29	+0.09
Bangkok	SET	353.85	378.60	-6.80
Seoul	Composite Index	424.45	417.05	+1.77
Taipei	Stock Market Index	8,857.48	8,876.72	-0.21
Manila	PSE	1,712.61	1,797.37	-4.72
Jakarta	Composite Index	364.39	353.98	+2.84
Wellington	NZSE-40	2,028.73	2,023.46	+0.26
Bombay	Sensitive Index	2,983.67	2,984.37	-0.02

Source: Telokura

International Herald Tribune

Very briefly:

- NEC Corp. admitted having padded bills for dozens of equipment orders, for a total of \$19 million, from the government space agency over the past five years.
- Hewlett-Packard Co. put its 9,000 workers in Singapore on four days of mandatory leave starting at Christmas.
- The rupee rose on news that the United States would lift economic sanctions imposed after India's nuclear-weapons tests this spring. The dollar fell to 42.275 rupees from 42.290 rupees Friday.
- Japanese wholesale prices fell 1.7 percent in October and were 2.8 percent lower than in October 1997. Domestic wholesale prices dropped 0.6 percent last month.
- Philippine Long Distance Telephone Co.'s unaudited net profit rose 35 percent from a year earlier in the first nine months of 1998, to 7.01 billion pesos (\$175 million), as the strong dollar lifted revenue from international calls.
- PT Telkom's third-quarter profit rose to 1.5 trillion Indonesian rupiah (\$178.6 million) from 306 billion rupiah a year earlier, nine-month results indicated. AFP, Bloomberg, AP

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WORLD ROUNDUP

Tour Apparently On

CRICKET The West Indies tour of South Africa looks set to go ahead, a source close to the players said Monday. The tour has been under threat because of a dispute over player payments and future contracts, which led to the sacking of the West Indies captain, Brian Lara.

Talks have been held in London to resolve the dispute, and the players say the tour is on, the source said. The match is of little sporting importance but immense political significance for the first official West Indies tour of the republic.

Hunter Illness Confirmed

BASEBALL The Hall of Fame pitcher Jim (Catfish) Hunter, 52, who ushered in the era of escalating salaries in baseball when he signed the sport's first lucrative free agent deal in the 1970s, has been diagnosed with Lou Gehrig's disease, his wife, Helen, said Monday. The disease attacks nerves in the spinal cord and brain and causes progressive paralysis.

The New York Yankee legend Joe DiMaggio, 83, who has been hospitalized in Hollywood, Florida, for four weeks with pneumonia, is seriously ill but doing better, Morris Engelberg, his attorney and friend, said Monday.

Money Record for Irwin

GOLF Hale Irwin completed the best financial season in professional golf history with his five-stroke victory at the Senior Tour Championship in Myrtle Beach, South Carolina, on Sunday. The \$347,000 that he won gave him \$2,861,945 for the season, eclipsing the mark of \$2,591,031 set this year by the PGA Tour star David Duval.

Tennessee Is New No. 1

COLLEGE FOOTBALL For the first time in more than four decades, Tennessee gets a taste of life at the top. Ohio State fell from No. 1 in the AP Top 25 after being upset by Michigan State, and the Vols (8-0) took over at No. 1 for the first time since Nov. 12, 1956. Kansas State (9-0) moved up to second.

On the Other Hand

BASEBALL The former Minnesota Twins first baseman Kent Hrbek, explaining why he declined an offer to be Governor-elect Jesse (The Body) Ventura's running mate: "I'm not a politician. Then again, neither is Jesse."

Vikings Win (but Lose)

Minnesota Quarterbacks Felled by Injuries

One of the few teams in the National Football League with two good quarterbacks now may have none.

The Minnesota Vikings beat the New Orleans Saints, 31-24, on Sunday, bouncing back from their first defeat of the season. But they lost Randall Cunningham, who took over for Brad Johnson after he broke his ankle in the

NFL Roundup

second game of the season, and may also have lost the now-recovered Johnson, who broke the thumb on his passing hand on the first play of the second half and finished the game despite it.

"I believe one or both of us will be ready," said Cunningham, who injured his right knee.

If neither quarterback can play, the starter against the Cincinnati Bengals at the Metrodome on Sunday is likely to be Jay Fiedler, who has thrown four passes in three NFL seasons.

The Vikings jumped to a 17-0 lead over the Saints (4-5), who managed just two first downs and 9 yards passing in the first half, but were tied, 24-24, after Sammy Knight returned the second of his two interceptions 91 yards for a score with 10:10 remaining in the game.

Johnson then led Minnesota on an 81-yard drive to the winning score.

Several other quarterbacks were hurt or missed games Sunday.

Mark Brunell, suffering from a strained groin muscle, sat out the second half of Jacksonville's victory over Cincinnati as a precautionary measure. Troy Aikman missed two minutes of Dallas's triumph over the New York Giants with an injured finger on his passing hand, and Oakland's Jeff George left the Raiders' loss in Baltimore after rejoining his groin.

Atlanta's Matt Ryan led a 62-yard drive to set up Wade Richey's 62-yard field goal with 33 seconds left as the 49ers (7-2) overcame an early 16-0 deficit. Detmer threw three interceptions

in the first half and fumbled once, but came back to throw three TD passes. Broncos 27, Chargers 10: Bobby Brister started for the Broncos and threw two touchdown passes as Denver remained unbeaten in nine games. Ryan Leaf completed only 4 of 15 passes for 26 yards with an interception and a sack for San Diego (3-6).

Jaguars 24, Bengals 11: Aaron Beasley returned a fumble 90 yards for the Jaguars (7-2), who took a 24-0 halftime lead.

Seahawks 24, Chiefs 12: The Seahawks (5-4) took advantage of four turnovers that made up for an offense that gained only 202 yards. It was Kansas City's fourth consecutive defeat, the first time that has happened since Marty Schottenheimer took over as coach in 1989.

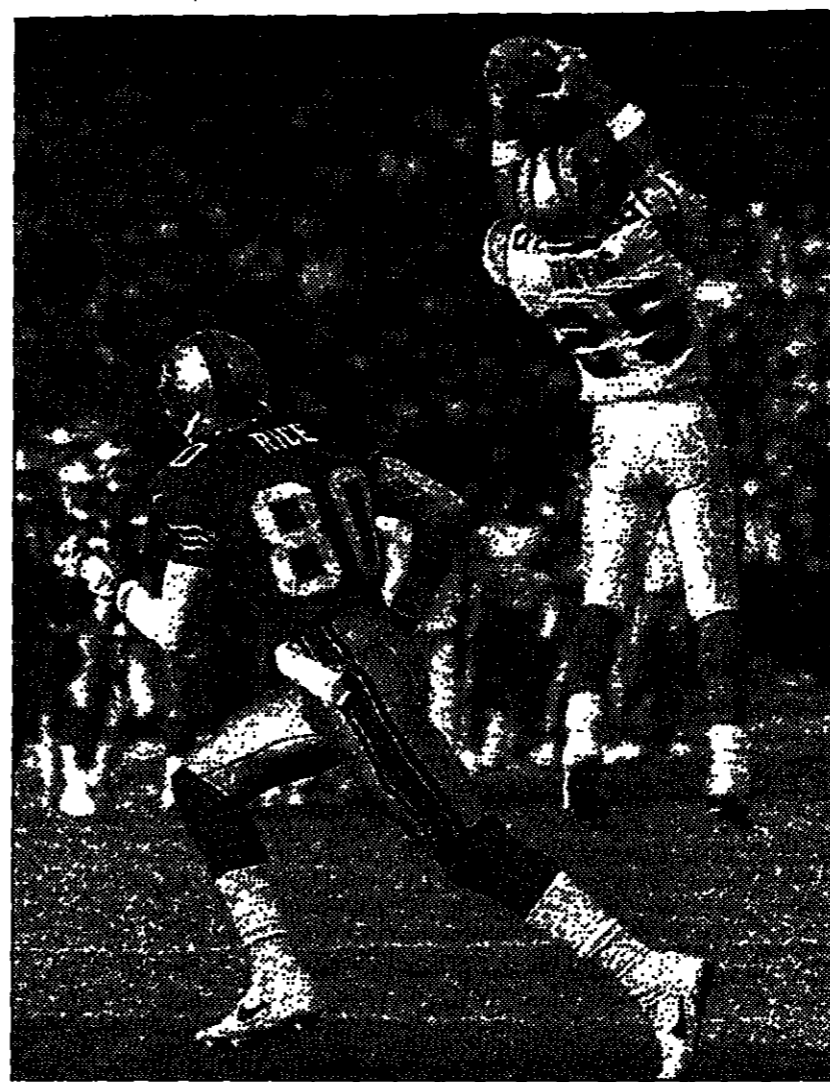
Oilers 31, Bills 22: Eddie George rushed for 134 yards for his fifth straight 100-yard game and Steve McNair assured a victory by scrambling 71 yards for a touchdown as the Oilers overcame a 13-point halftime deficit.

Cardinals 29, Redskins 27: The Cardinals squandered a 9-point lead in the final 1:39, then came back to beat Washington on Joe Nedney's 47-yard field goal with two seconds left. Jake Plummer completed four passes for 50 yards in 29 seconds to set up Nedney's winning kick.

Ravens 13, Raiders 10: Rod Woodson returned an interception 18 yards for a touchdown, and Michael McCrary had four sacks for the Ravens (3-6), who snapped a four-game losing streak.

Eagles 10, Lions 9: Less than six days after a humiliating 34-0 loss at home to Dallas, the Eagles survived when Jason Hanson's 58-yard field goal attempt landed short with 31 seconds left. Barry Sanders carried 20 times for 140 yards for Detroit (2-7).

Bears 20, Packers 12: Tony Banks completed 24-of-31 passes for 202 yards and one TD and ran for another score for St. Louis (3-6). The Bears (3-6) lost their



Eric Davis of the Carolina Panthers leaping to intercept a pass thrown by Ty Detmer of the 49ers. Jerry Rice, left, was the intended receiver.

rookie running back, Curtis Enis, for the season with torn knee ligaments.

Falcons 41, Patriots 10: Atlanta (7-2) jumped to a 14-0 lead after six minutes.

Jamal Anderson ran for two touchdowns and the Atlanta defense sacked Drew Bledsoe five times.

Cowboys 16, Giants 6: Emmitt Smith

(163 yards) became the Cowboys' leading career rusher with 12,103 yards and Troy Aikman shook off a finger injury to have a big second half for Dallas (6-3).

Dolphins 27, Colts 14: John Avery rushed for 100 yards, and O.J. McDuffie caught two touchdown passes to spark the Miami offense.

Jets Beat Bills In a Clash of Vintage Arms

By Gerald Eskenazi
New York Times Service

EAST RUTHERFORD, N.J. — It began with the fanfare of a Sunset Boulevard East, with two aging stars from another era in their comeback saga.

By game's end Sunday, with the Meadowlands crowd chanting, "Vinny! Vinny!" it was Vinny Testaverde who waved and hugged teammates, while Doug Flutie was on his knees, symbolically closing out a loss.

The Jets have gone beyond merely being surprising to being taken seriously as they captured their fourth straight victory, a decisive, resounding 34-12 defeat of the Bills. The victory positioned the Jets, with a 6-3 record, in a first-place tie with the Miami Dolphins in the American Conference East. The Bills, who came in with a five-game winning streak, dropped to 5-4.

For the first time in 20 years, the Jets are 4-0 in their division and have a four-game winning streak for only the second time since 1986.

This victory needed several gritty stands by the defense during a first half in which the Jets' offense stumbled, losing the ball three times. Yet, all that the Bills got out of it was 3 points.

The defense held until the offense cranked up. And when it did, it was not on the ground. A struggling Curtis Martin had a 54-yard day on 21 carries.

Testaverde, who will be 35 on Friday, made three touchdown passes, shrouding off an interception on the first play of the game. He is 6-0 as a Jet's starter, and his gaudy figures include 15 touchdowns but only three interceptions.

Flutie, 36, had not known defeat in his second incarnation in the NFL, having led Buffalo to three straight victories as a starter. This was the first time, though, that the Bills failed to score a touchdown with Flutie leading them.



Vinny Testaverde, who completed 22 of 31 passes for a total 258 yards.

At Least for Now, the Oilers Have Scrambled Back to the Top

It has been many years since the Edmonton Oilers have been regarded as one of the elite teams in the National Hockey League. They can claim that now — at least for the first month of the season.

Their 3-2 overtime victory over the

NHL Roundup

Chicago Blackhawks on Sunday night gave the Oilers the highest victory total in the NHL (8) and tied them with Dallas for most points (16).

"It was big for us to get a win on the

first game of a road trip," said Edmonton's coach, Ron Low, after his team pulled out a comeback victory.

The Oilers, on top of the Northwest Division with an 8-5 record, had been 0-4-0 this season when trailing or tied after the second period. Josef Beranek's power-play goal 34 seconds into overtime extended the Blackhawks' winless streak to six games (0-5-1).

Lightning 3, Devils 1: Michal Sykora scored the game-winning goal with 17:39 left in regulation as Tampa Bay beat visiting New Jersey. Daren Puppa stopped 34 shots as the Lightning (6-6-2) reached the .500 mark for the first

time since Oct. 10, 1997 — a span of 91 games.

Bruins 5, Hurricanes 2: Dmitri Khristich and Darren Van Impe each scored two goals and Ray Bourque moved into fourth place on the career assist list as visiting Boston beat Carolina.

Boston rallied with three straight power-play goals after the Hurricanes went ahead by 1-0. The assist moved Bourque past Marcel Dionne on the career assist list, and he now trails third-place Gordie Howe by seven.

Flames 3, Avalanche 1: A rookie, Jean-Sebastien Giguere, sparked in

goal in his Calgary debut, making 39 saves to lead the Flames over Colorado. After Calgary took a 2-1 lead in the game's 13th minute, the 21-year-old Giguere took over the game.

Red Wings 3, Mighty Ducks 2: Brendan Shanahan scored the go-ahead goal twice in the third period and set up another as the Red Wings beat the Mighty Ducks at Anaheim.

The victory ended a four-game losing streak by the two-time defending Stanley Cup champions, who hadn't lost four in a row since Scotty Bowman's first month as coach — October 1993.

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SPORTS

A Base for Comparison

Japan's Players Get a Test Against U.S. Stars

TOKYO — How good are we? That is the age-old question Japanese baseball players, their fans and perhaps a nation are asking after three consecutive losses to a major league baseball all-star team.

Falling by 4-1, 8-1 and 10-7 to the team from across the Pacific, local pundits and players are looking at the scoreboard and wondering out loud whether there will be any victories during the seven-game series.

"We are overwhelmed by their power and speed," said the Seibu Jockey Kazuo Matsui. "I'm afraid we may not be able to win a game."

The Japanese baseball commentator Masahiro Murakami, who briefly pitched in the major leagues in the 1960s, said the reasons were basic. "Major leaguers are hitting our pitching," he said, "and Japanese players

like Hideki Matsui and Kazuhiro Kiyohara aren't hitting them."

After a slow start in which both sides were shaking off weeks of inactivity, the U.S. bats have exploded for seven home runs, while the Japanese side is making contact but not for distance.

Acknowledging that the Japanese players want to win quickly to put their fans' and their own doubts to rest, Kiyohara said the major league pitching had been tough. "They're throwing the ball harder, and even the breaking balls are faster and hitting the right spots," he said.

Japanese self-confidence soared three years ago after Hideo Nomo joined the Los Angeles Dodgers. He won rookie of the year honors, played in the All-Star Game and was a pitcher on the U.S. team that toured Japan two years ago. The number of Japanese players has risen in the interim to include Hideki



Sadaharu Oh, Japan's career home run king, hearing out Carlos Delgado.

Inaba with the World Series champion New York Yankees. Masahiro Yashiki and Shigeaki Matsuyama, but no Japanese players are on the U.S. squad this time. It has not all been painful self-assessment for Japan. Baseball's premier

ambassador, Sammy Sosa of the Chicago Cubs, who had a home run in his first at bat, has charmed the Japanese with headfirst slides, gifts of bats to young Japanese fans and his trademark water and kissing rituals.

For Ted Williams, Manager, A Splendid Senator Reunion

By William Gildea
Washington Post Service

WASHINGTON — The man in the wheelchair wearing a tan fisherman's cap turned his head upward as a baseball was placed in front of him. Ted Williams looked jubilant when the man standing before him leaned in and said, "Skip, would you sign this for me?"

It was Dennis Higgins, a relief pitcher for the 1969 Washington Senators — the Senators' last winning team and the first team Williams managed.

It was a beautiful year for Williams and baseball in Washington. He was pleased to sign.

The old team — 24 of them, including Williams — was brought back together over the weekend by the Washington Baseball Historical Society. "I think he just really wanted to see these players again," said Tom Holster, the society's president.

Williams, 80, must often use a wheelchair after suffering several strokes. He must judiciously select the trips he takes from his Florida home because of his health.

"What's the most difficult pitch to hit?" he asked Higgins.

"The slider," Higgins responded. Back in '69, Williams encouraged Higgins to throw this pitch more often because he had experienced some trouble with it as a hitter.

"I knew you'd remember," Williams said with a smile.

When Williams saw Ken McMullen, the former third baseman, he immediately recalled exactly what had perplexed McMullen as a hitter.

"How're you handling the inside pitch now?" Williams asked him.

Considered by many the greatest hitter ever, Williams stunned everyone who knew him when Bob Short, who would move the team to Texas



Ted Williams at the reunion.

three years later, persuaded him to come out of the seclusion he loved to manage the Senators.

"When I played the outfield" for the Boston Red Sox, Williams said, "I never thought of managing. I never thought, 'It's time to bring in this guy or that guy.' I had enough problems to take care of in the outfield. But I tell you, there were some very enjoyable times managing. We had a great — a gre-e-a-t — team."

He boomed the word "great" for emphasis, just as he always used to raise his voice when he wanted to express a happy thought.

To see his Senators again — Hank Allen, Bob Humphreys, Jim French, Dick Bosman, Ed Stroud, many others — thrilled Williams. He called the reunion "one of the greatest moments of my life."

"I wish we were playing right now," he said, laughing. "That's what some of them were saying. All the old players are like that, they think they could buzz right through it still. Beautiful."

Inter Loses Ronaldo as It Struggles in Milan Derby

ROME — Internazionale di Milano has lost its Brazilian star, Ronaldo, to injury and seen its Italian League winless streak reach four games after allowing cross-city rival AC Milan to rally twice from one-goal deficits in a 2-2 draw.

Ronaldo tallied the opening goal seven minutes after kickoff on Sunday night in a 12-minute shot but limped through much of the rest of the first half and was substituted at the interval. Francesco Moriero scored Inter's other goal, while the Liberian striker George Weah scored Milan's first goal, and the midfielder Demetrio Albertini connected on a penalty kick in the 60th minute.

The result left Inter — which had lost three straight league games — and its pricey collection of international stars with a record of 3-2-3, good only for ninth place in the 18-team league.

Ronaldo had already missed a month

of action this season with tendinitis in both knees. He clutched his left knee and was slow to get up after a clash with a Milan defender before a crowd of about 80,000 at San Siro Stadium.

Netherlands SC Heerenveen beat Fortuna Sittard, 2-0, to jump three places into first place in the Dutch honor

whether the match would be replayed in its entirety or whether the two sides would have to meet again to play the remaining 24 minutes. The 1-1 could also stand as the final result.

Two Italian Players Sidelined

The Juventus striker Alessandro Del Piero will be out of action for five months with an injury to his left knee, Reuters reported Monday.

"It's a big blow to us," said the Juventus general manager, Luciano Moggi, who confirmed the prognosis after Del Piero limped out of a doctor's clinic in Turin on crutches.

The striker, who turned 24 on Monday, over-extended his left knee when he fell awkwardly in the last minute of his side's 2-2 draw with Udinese on Sunday. He was carried from the pitch on a stretcher and underwent extensive medical checks on Monday. It was un-

clear whether he would have to undergo surgery.

Del Piero had appeared to be returning to form after an adductor muscle injury that wrecked his World Cup finals in France and threatened to overshadow his 1998-99 season.

He had bounced back to score both goals in Italy's 2-0 defeat of Switzerland in a European championship qualifier last month and had scored twice more in league matches since then.

In England, meanwhile, it was announced that Chelsea's Italian striker Pierluigi Casiraghi would undergo exploratory surgery on Tuesday after suffering a leg injury that could put him out of the game for several months. Casiraghi tore knee ligaments and damaged nerves in his leg in a collision with the West Ham goalkeeper, Shaka Hislop, during Chelsea's 1-1 Premier League draw on Sunday.

SCOREBOARD

FOOTBALL

AMERICAN STANDINGS

Team	W	L	T	Pts
Atlanta	10	4	2	22
Baltimore	9	5	1	19
Buffalo	8	6	2	18
Cincinnati	7	7	3	17
Cleveland	6	8	4	14
Dallas	5	9	5	11
Denver	4	10	6	10
Indianapolis	3	11	7	7
San Francisco	2	12	8	4
Seattle	1	13	9	3
Washington	0	14	10	0

EUROPEAN SOCCER

Team	W	L	T	Pts
Bayern Munich	10	2	1	21
Barcelona	9	3	2	19
Real Madrid	8	4	3	17
Inter Milan	7	5	4	14
Liverpool	6	6	5	11
Manchester United	5	7	6	11
PSV Eindhoven	4	8	7	11
Valencia	3	9	8	9
Villarreal	2	10	9	5
Zinedine Zidane	1	11	10	2

ICE HOCKEY

Team	W	L	T	Pts
Colorado	10	3	1	21
Edmonton	9	4	2	19
Los Angeles	8	5	3	17
San Jose	7	6	4	14
Vancouver	6	7	5	11
Calgary	5	8	6	11
Phoenix	4	9	7	11
St. Louis	3	10	8	9
Washington	2	11	9	5
Winnipeg	1	12	10	2

BASEBALL

Team	W	L	T	Pts
Atlanta	10	4	2	22
Baltimore	9	5	1	19
Buffalo	8	6	2	18
Cincinnati	7	7	3	17
Cleveland	6	8	4	14
Dallas	5	9	5	11
Denver	4	10	6	10
Indianapolis	3	11	7	7
San Francisco	2	12	8	4
Seattle	1	13	9	3
Washington	0	14	10	0

CRICKET

Team	W	L	T	Pts
England	10	2	1	21
India	9	3	2	19
Pakistan	8	4	3	17
Sri Lanka	7	5	4	14
West Indies	6	6	5	11
Zimbabwe	5	7	6	11
Australia	4	8	7	11
New Zealand	3	9	8	9
South Africa	2	10	9	5
Kenya	1	11	10	2

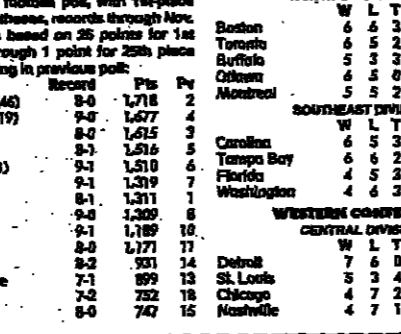
TRANSITIONS

Team	W	L	T	Pts
Atlanta	10	4	2	22
Baltimore	9	5	1	19
Buffalo	8	6	2	18
Cincinnati	7	7	3	17
Cleveland	6	8	4	14
Dallas	5	9	5	11
Denver	4	10	6	10
Indianapolis	3	11	7	7
San Francisco	2	12	8	4
Seattle	1	13	9	3
Washington	0	14	10	0

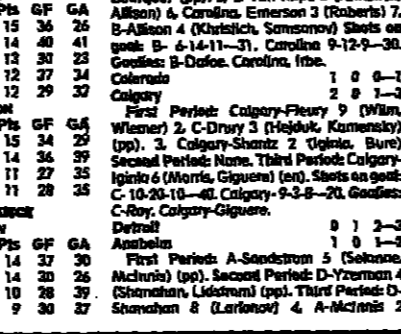
THE AP TOP 25

Team	W	L	T	Pts
Alabama	10	0	0	20
Arkansas	9	1	0	18
California	8	2	0	16
Florida	7	3	0	14
Georgia	6	4	0	12
Michigan	5	5	0	10
Nebraska	4	6	0	8
Oklahoma	3	7	0	6
South Carolina	2	8	0	4
Texas	1	9	0	2
Washington	0	10	0	0

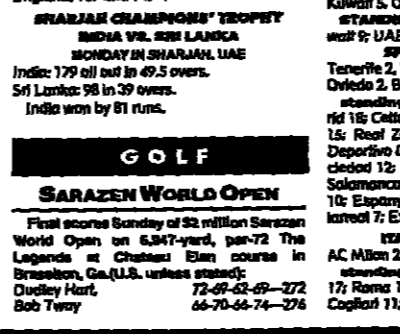
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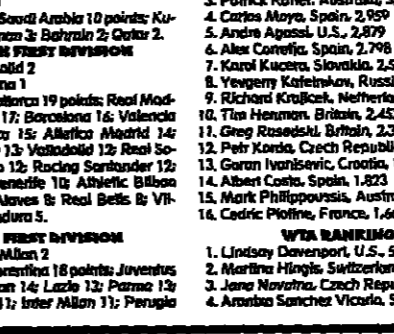
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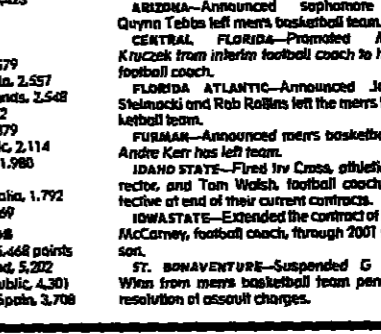
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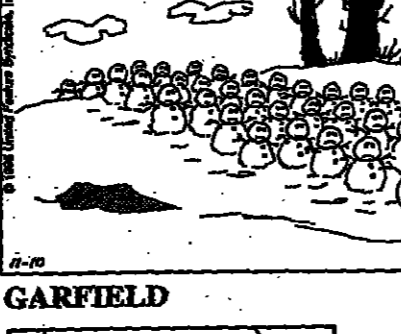
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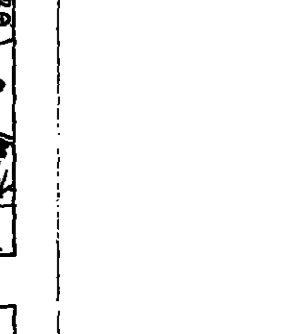
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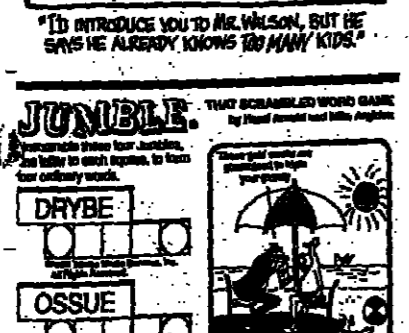
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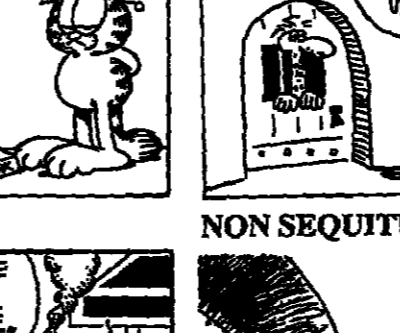
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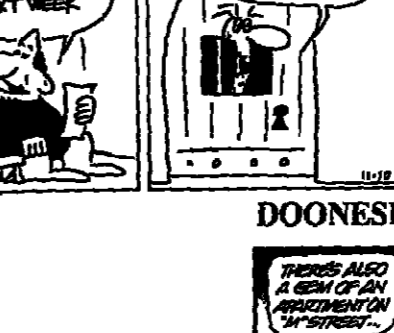
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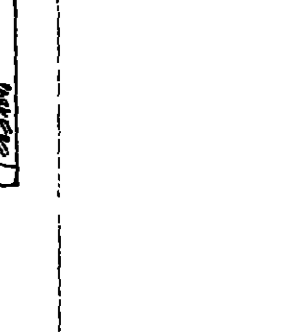
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TESOL France 1998 Colloquium

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Winners and Whiners

The Associated Press

A MORI poll commissioned for the Daily Mail tabloid reported that 67 percent said the queen should remain on the throne for the rest of her life, the paper said. A poll for The Daily Telegraph found that 66 percent of Britons opposed the idea of the queen's abdicating.

Jack Berkowitz told his supporters, "My family was no help at all. Every time the kids went out to campaign they were arrested for speeding. My wife would not take my candidacy seriously, and whenever the reporters asked her who she was going to vote for she said, 'The Bush brothers.'"

"I think of my new position as an upgrading," Domingo said in a telephone interview between rehearsals in Washington, "because as artistic adviser I was involved in discussions with Peter Hemmings about the productions, the casting. It was a collaboration, although it

But those in the opera world who expected Domingo to be little more than a money magnet have been surprised at his hands-on approach to the Washington job. No mere figurehead, he has taken charge of the company's programming, offering both standard repertory and unusual works. His success has been mixed: Rarities like "Il Guarany," by the 19th-century Brazilian composer Antonio Carlos Gomes, and the company's current production of Verdi's "Simon Boccanegra" have

Placido Domingo has vastly expanded his work day.

Part of Domingo's presentation, both Craft and Domingo said, was a demonstration that the production schedules of the two companies did not overlap, allowing Domingo to

Domingo, however, has started to rethink his ability to take on an imprudent number of commitments, and he said that when he began in Los Angeles, the shape of his performing schedule would change.

"I will cut my touring," he said, "so I'll spend more time around Washington and Los Angeles. When I am working at the Washington Opera and singing at the Met, I can commute. When I am in Los Angeles, that will give me a chance to perform more with the San Francisco Opera, which is a company I love very much. But to do this, I will have to give up some of my European engagements."

A period of reassessment for the model Kate Moss

The model Kate Moss has checked into a London clinic under an assumed name and is being treated for exhaustion, *The Mirror* newspaper reported. "I've been doing a lot of hard work and too much partying," the paper quoted Moss as

When does a magazine go too far? New York magazine went too far last week, said David Watkins, president and chief executive of Icon Life Style Marketing, the firm that planned

The Associated Press

Constant, 53, lives in Aix-en-Provence, where she teaches French literature to foreign students. "Confidence Pour Confidence" is her eighth book. Also Monday, the Renaudot prize — for a first novel — went to Dominique Bona for "Le Manuscrit de Port-Ebene."

and promoted the ballyhooed 29th birthday party for the rap impresario Sean (Puffy) Combs last week. More than 7,000 people showed up at the party, and the New York Police Department shut down the five blocks around the downtown restaurant where it was going on. In a show of force in its Communist Party magazine, the paper also gave the RSVP phone number that had been sent to the 1,200 birthday guests—who had received velvet-wrapped videotaped invitations to the party. "The New York item read in part, 'Why not strike a blow against velvet-rope snobbery. Where? Just call _____' and gave the number. Watkins said that as soon as the issue hit newsstands, heon began to receive 700 to 1,000 phone calls an hour."

Emboldened by the success of the former wrestler Jesse Ventura, now the new governor of Minnesota, Hulk Hogan will run for president in 2000. "When Jesse won, I said to my wife, 'My God, I'm 10 times more popular than him,'" the pro wrestler told Time magazine. On his short list for vice president: Ross Perot, Ted Turner and Oprah Winfrey, although he hasn't put a headlock on any of them yet.

The Mirror of London has apologized to Michael Jackson for four 1992 articles, with accompanying photographs, that suggested the singer's surgery had left him badly scarred. Jackson's lawyer, Marcus Barclay, said the singer's suit had been settled "amicably" — on confidential terms.



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